DAILY MARKET LETTER

MEMBERS:
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NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO December 29, 1939

As this is our last market letter of the year, we are taking this occasion to wish you a Very Happy New Year. We also hope that the more optimistic sentiment in the grain trade which prevails at the present time will continue during 1940.

When we consider that on the last day of December a year ago, wheat was selling at 69¢, corn at 53¢, oats at 29¢, rye at 48¢ and soy beans at 82¢, it stands to reason that the better spirit is entirely justified. The income of the American farmers from the marketing of products during the past year has been in excess of $7 1/2 billion. This is a slight shrinkage from the previous year, but is, nevertheless, an increase of 63% over the low of 1932. We presume that one could also be optimistic if consideration were given to government payments to farmers who co-operated with the federal control program, because whatever decline there was from 1938 was more than offset by the additional bounties that were paid and which amounted to $675 million. However, one should be mainly interested in the cash return from the sale of produce, as this represents the basic wealth of the country. On the average, the cash income was about $1,100 per farm, compared with only $717 in 1932. In these figures is not included the farmers' own living expenses, and it is fair to estimate that at least $2 billion worth of products were consumed at home; therefore, the producer was further benefited in that he did not pay income tax on that part of his crop.

30 March 1983

In our last letter of 1938, we prophesied a favorable year unless unsettled conditions in Europe would reach the breaking point. Fortunately, however, even the European disaster has not had any extremely adverse effects upon either our economic or agricultural status, and our country now seems better able to remain out of the conflict due to the wise foreign policies which have been adopted by our statesmen.

The only pessimistic note which we deem it necessary to strike at this time is the one pertaining to next year's crops, as the drought has been of long duration, but even this has been tempered by the recent fine snows in the Southwest. Poor returns to the farmer are never a blessing, even though they may bring about a somewhat higher price level. When surpluses exist, there is always business for the railroads, the steamship companies, and various handlers of grain.

The greatest hope for the future, as we see it, depends upon our capacity for undoing those things which have brought about farm depressions in the past, and we believe the operation of free and open markets will help materially to move our grain into commercial channels The comparatively high wheat prices may enable the farmer to repay his indebtedness to the government, which, in turn, would release the impounded wheat, and if this takes place, it will prevent tremendous accumulations such as took place during the Farm Board era. In corn, however, the situation is not quite so hopeful; there is more grain being held on the farms, and the piling up of these stocks may ultimately bring about a very artificial situation.

Today's market was influenced largely by a report from the Argentine Wheat Board that the crop would only yield about 113 million bu. Nobody knew exactly how to construe this. Some thought it might have meant that there was an exportable surplus of that quantity, including reserve stocks; others guessed that possibly the Board was referring to the amount of merchantable wheat raised. In any event, the Buenos Aires market was so indifferent that after a time the trade here forgot all about it.

Just before the close the Department of Agriculture announced that they had suspended the wheat and flour program. This means that no more subsidies will be granted, except, as we understand it, on small quantities of spring wheat flour to the Philippines.

Corn was firm and a little export business was reported; otherwise, there was not much feature.

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CHICAGO January 3, 1939.

The first session of the New Year, following several holidays, started without much excitement. Very little attention is being paid by traders to the President's address on the state of the Union tomorrow, yet the general impression is that legislation during this session of the Congress may affect business more favorably. In the meantime, the grain trade is confronted with a very bearish world situation on the one hand, while domestically improvement is taking place, owing to the export program which has made good headway under the FSCC in an attempt to ship 100 million bu out of the country during the current season. That we shall have a carryover of close to 285 million bu in spite of this factor, is almost assured, but yet there has been no appreciable relief in many dry sections of the winter wheat area; therefore, with a much smaller acreage sown than a year ago, it is thought our surplus next season will be less burdensome, so from that point of view, we may not have to resort to artificial methods for selling our grain to Europe next year.

According to the most recent figures published by the Department of Agriculture, world wheat production is indicated to be about 4,448 million bu, exclusive of Soviet Russia and China. This is about 65 million bu more than the estimate of a month ago and about 630 million bu more than the 1937-38 harvest. Production in Europe, exclusive of Russia, was about 1,796 million bu, which is an all-time record. Various statisticians seem to think that in spite of this fact, world shipments may be 50 million bu greater this season than last, but likely the reason for this is the building up of war reserves, and it is possible that a prospective increase in European stocks of 100 million bu will take place. Should this be accomplished, it is not likely that a repetition can occur again in succeeding years, for the reason that storage facilities are probably not extensive enough to take care of similar additions to the reserve. In any event, allowing for such extra quantities to be taken from this year's production and assuming world disappearance will amount to 3,860 million bu for the season, then it follows that the world carryover on July 1st will probably amount to 1,223 million bu, as compared with only 595 million bu last July and 519 million bu two years ago.

The world's crop, which by the way is the largest on record, has been brought about largely because of bountiful harvests in Europe, good crops in North America, and the Argentine crop now estimated at 316 million bu. It seems rather unusual, with a tremendous surplus in the Argentine that so little attention is directed toward the marketing of grain, but it is still our opinion that all this must still come, even though delayed.

World shipments this week were slightly over 10 million bu versus 9,234,000 bu last week, and 8,405,000 last year. However, North America furnished less than three million bu of this quantity, and assuming fair shipments must have been made from the United States, it leaves very little from Canada, where they have a great problem also in trying to reduce their surplus before the next crop. Foreign demand over the holidays was more or less limited and consisted of some Pacific Coast Manitobas, estimated at between 250 and 300,000 bu. We did not see any evidence in the pits of possible export business to the FSCC --at least, no hedges of importance seemed to have been covered. It is to be hoped that in order to bring about a better price level than now exists, there can be a good increase this coming year in the volume of trade. During 1938, sales of the four major grains totaled 7,400 million bu, or approximately 50% of the 1937 trade, and was the smallest in more than 18 years.

Primary receipts were 571,000 bu versus 625,000 bu last week, and 278,000 bu last year. When the visible supply was posted it showed a decrease of nearly 2 million bu, but total stocks are nearly 28 million bu greater than a year ago. There was a decrease of 234,000 bu in Chicago, with 10,398,000 bu still on hand.

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The market today displayed greater strength than in some time, partly due to continued dry weather Southwest, lack of pressure, and a better response at Winnipeg. At the last May wheat closed 1 3/4¢ per bu higher; the deferred months gained slightly on the old-crop future.

Corn was helped by the strength in wheat, but did not make a particularly good showing. The heat wave was broken in parts of the Argentine by moderate rains in northern sections, but little precipitation was shown on the official weather map in the big province of Buenos Aires. Today's primary run was somewhat better, but since November 1st there has been 30 million bu less at terminals than last year. We rather expect that later on when commercial users draw upon accumulated stocks that the yellow cereal will be in a very strong position.

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January 4, 1939

In less than a week the International Wheat Advisory Committee is to meet in London. The twenty-one governments which signed the wheat agreement in 1933 have been notified to send representatives. The objectives of the meeting are to consider the present world wheat crisis, and secondly, what action the Committee should recommend to the constituent governments to cope with such crisis. We have seen in the past, during surplus years, that low prices existed; then when Nature apparently took care of such a situation, burdensome carryovers proved to be healthy at a later period when crops were less bountiful. We think it is well to recognize that all countries do not have good crops perpetually, and while the harvest last year in Europe was unusually good, the chances are that with the same seeded acreage, there will not be a repetition during the coming season. Likewise, Argentina, with the banner yield just harvested, is likely to show quite differently in succeeding years, and in this country we have the picture more clearly before us, with a greatly reduced winter wheat acreage and the crop getting off to a poor start.

In other words, we view 1938 as having been one of those occasional years in which a great many countries seem to have had the good fortune of producing large crops, but as Sanford Evans phrases it, "The world has had that experience many times in the past, and will have in the future. All exporting countries are now fighting among themselves with public money to make prices cheap, and all importing countries raising new barriers against trade, with the result that conditions in international wheat marketing have proved more unsatisfactory than in any time in the past." During December, world shipments of wheat and flour showed the full seasonal decline that is normal between the end of November and the middle of January, despite the fact that most exporting countries resorted to subsidies. To date, shipments are well below the ten-year average, and it is not unreasonable to assume that the demand will continue on a pro-rata basis during the remainder of the crop year. If experience is of any value, it must be the thought of observers that the subsidies thus far tried have failed to increase foreign consumption.

There was very little feature to the Liverpool market, which closed a fraction higher. Their indifference, however, should be a warning that the world situation is such as to prevent very sharp upswings at this time. Broomhall claimed that the Argentine Wheat Board sold fair quantities of new wheat to Argentine shippers last night, although the price was not revealed. We feel certain that it is just a question of time before the surplus from that country must be forced into regular trade channels; otherwise, there will be an artificially large carryover at the end of the crop season, which is something that has never occurred before, and would be particularly unhealthy considering that the population is only eight million people; the largest share of the crop each year must necessarily be sold abroad.

There are those who believe that the domestic situation warrants our selling at substantial premiums over world markets. This is based on the theory that next July the carryover may be 285 million bu, but that the next crop may reduce this reserve through a combination of domestic consumption and continued exports. Furthermore, they point to the fact that through December 29th, there was in excess of 64 million bu of wheat under the government loan, and that the figure may be slightly higher for the few days remaining whereby farmers could put their wheat under seal, according to the terms of the Commodity Credit Corporation. This quantity of wheat is undoubtedly taking a certain weight from our domestic market, inasmuch as it is not hedged and cannot be offered for sale until some future time, because farmers still control ownership to the extent that by repaying their loans they may obtain possession of the wheat, if they desire. Therefore, it is figured that from the final carryover must be deducted wheat tied up by lending agencies, plus a smaller quantity that falls

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under the category of crop insurance holdings.

Primary receipts today were rather small, as they often are at this time of the year, being 368,000 bu vs. 239,000 bu last week and 222,000 bu last year. Shipments were also small. So far this week Kansas City and Minneapolis stocks show a total decrease of 57,000 bu.

There was not a great deal of feature to the trade. Market held fairly firm in sympathy with better corn prices, and also continued dry weather over the Southwest, which seems to prevent any important short selling. At the last May wheat was 3/8¢ per bu lower.

Corn showed a better undertone. Receipts are light, and there is no chance of getting a burdensome movement under present conditions. Argentine weather is still unfavorable, although there has been slight relief from the torrid heat. The recent rain was apparently insufficient, and it is feared that unless real relief comes soon further deterioration may take place. Aside from the Argentine news, we regard the domestic situation as sound, and expect that later on industries will have to draw upon terminal stocks.

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CHICAGO January 5, 1939.

The President in his message to Congress yesterday ended by launching a defense of deficit spending much the same as the previous year. He intimated that in his judgment the expenditures of the national government could not be cut without seriously affecting the important functions of government. Expenditures for the 1939-40 fiscal year are estimated at nearly $9 billion as against nearly $9 1/2 billion in the year 1938-39. The major estimated reduction is for recovery and relief, although $500 million will be sought additionally by the Administration for national defense.

According to official government figures, the total farm income in 1937, including government cash payments, was $8,500,000,000. There is no complete date for 1938, but it is assumed that even with higher bounties paid total farm income may have been about 10 per cent less. It is, therefore, apparent that it takes more than the gross farm income to pay our government expenditures. This means the proceeds for all corn, wheat, cotton, oats, barley, rye, flaxseed, rice, hay, seeds, beans, potatoes, tomatoes, foods of all kinds, and all of the livestock, including practically every animal one can think of, --78 articles-- are needed for necessary expenditures. If we consider that about an equal amount of money will have to be raised for state municipalities, cities, etc., it is quite evident on the same basis of figuring that a great deal of the wealth taken out of the earth in the way of minerals, coal, etc., also goes for public expense. This makes it all the more necessary that industry must be more alive than ever to create and produce new wealth.

This continued spending is regarded as somewhat inflationary, and the stock market firmed yesterday after the President had spoken, but there was very little influence upon wheat for the reason that too many have already learned that inflation does not always act quickly, nor does it help a commodity that is overproduced.

Through a combination of circumstances, but mostly Nature, 1938 produced the largest world's crop of wheat on record, exclusive of Russia and China, and while we are making headway in this country to reduce our own surpluses it may be at the expense of other exporting nations who have permitted us to take the lead. In Canada, for instance, there is still available for export and next year's carryover close to 192 million bu of wheat, and at the present time shipments are small enough to suggest that the carryover next August may be burdensome. The visible in that country, exclusive of wheat held in farmers' hands, is 112 million bu more than a year ago. Argentine's traditional policy always was to market and ship the surplus freely as soon as the movement had gained momentum. In the past strict adherence to this policy always paid the country well; even during the depression years -- 1929 to 1933-- they avoided unwieldy and burdensome surpluses, which had given birth to many economic problems in the United States and Canada. While at times prices were low, Argentine merchants figured that it was better to sell their grain than to withhold supplies in order to temporarily protect farmers at home. There was evidence today that they might be returning to principles tried and true which had benefited most in the past.

As a result, Europe felt this increased pressure, and Liverpool registered declines of 7/8 to 1 3/8¢ per bu. News in England has been closely guarded as to how much wheat was recently sold to British millers, but apparently the Argentine Grain Board has recently sold a fair quantity, and it would be our guess that this will continue.

Surprisingly little wheat is being shipped from the Black Sea --only 352,000 bu this week, and 384,000 bu from Russia. However, this may be due to the fact that England recently has taken large quantities from the United States; therefore, smaller business from other countries will result.

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Primary receipts today were again small at only 321,600 bu versus 247,000 bu last week, and 242,000 bu a year ago. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 307,000 bu.

At the last our market showed a loss of 1/2¢ per bu for the May future, influenced by weakness in Winnipeg, and also lower prices at Liverpool, We have felt right along that it was not the season of the year to expect much of an advance, and still believe that until the first rush of Southern Hemisphere pressure is passed that it is better to await buying opportunities at lower levels.

Corn was influenced by partial rains in the Argentine, and the forecast for more moisture tomorrow. Our government has made it very advantageous for farmers to comply with the acreage allotment program, and many are now eligible for further benefit payments, as well as being permitted to apply for corn loans next fall. All this being the case it ties up large quantities in the country, and no accumulations at terminals are taking place. Today, for instance, the primary movement was only about one-third as much as a year ago.

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CHICAGO January 6, 1939.

Sterling exchange has become more steady during the past two days. Strength developed yesterday, after the presidential budget message was given to the Congress, revealing another large deficit, which possibly weakened the dollar. But probably more important, was the notice given by the British treasury that it had decided to adopt new measures to protect sterling against speculative attacks, and all banks and bullion firms operating in London have been asked to cooperate. Details as to the steps which have been taken were withheld, but it is presumed that the treasury will make use of its banking relations and to closely supervise foreign operations through the stabilization fund in order to further these efforts. For some time Britain has taken a valiant stand in trying to support its monetary unit, but we feel that basically the tendency is towards ultimately lower levels, owing to the fact that the armament program will require the expenditure of billions of dollars.

The loss of gold during the last six months is not overly important in itself, although it is quite natural that the treasury wants to take sufficient safeguards to protect its interests. The British authorities seem satisfied that their remaining gold reserves, despite some flight of capital, are sufficiently large enough to maintain an orderly market for sterling, so long as the market remains under normal, legitimate conditions.

During mid-session it was announced that 200 million pounds of gold bullion were transferred from the Bank of England to the Exchange Equalization Fund, presumably for the purpose of bolstering up the gold reserve of the British exchange.

Wheat quotations at Liverpool this morning were fractionally lower, influenced by increasing pressure from the Argentine. Up to the present time, only a nominal amount of business has actually been put through, according to reports that we have, and shipments would tend to verify this statement, as only 594,000 bu were put afloat this week --hardly an increase over last year, when the crop was so very much poorer. However, this has not necessarily changed the picture, and it may be that the Argentine Grain Board has overstayed its market; if this is the case, offerings henceforth are likely to increase materially. Shipments from Australia were also small--only 820,000 bu, compared with nearly 2 1/2 million last week, and 802,000 a year ago. Possibly the holidays had something to do with the small shipments from both countries. Even with a much shorter crop in Australia, the visible supply is 92 million bu, having increased nearly 10 million bu during the past seven days. It is actually larger than it was a year ago.

When our market opened, it was influenced by an improved weather map, which suggests rain or snow for the Southwest tonight and tomorrow, and inasmuch as moisture is so badly needed in many areas, relief at this time will be more than welcome; there have already been complaints of excessive surface dryness and dust storms, which are rather unusual this early in the season. Traders were interested to note Mr. Wallace's challenge to the Republicans to put forward an alternative farm plan for 1940; he claimed this was in answer to several questions as to whether the Democrats have a plan at present. While we do not claim to know anything about politics, it is our impression that the party in power will probably continue along the same general program as heretofore. During 1938 there was an increase of almost $150 million in government benefit payments, and with so many farmers complying now under the corn curtailment program, we presume that probably as much money will be paid out during the coming year. Total farm income was about $1 billion less in 1938 than in 1937, even with the larger benefit payments, but little can be forecast for the next 12 months, until we have a clearer picture as to the size of crops. Although a great deal of mention is always made of wheat, it is comparatively unimportant, because even assuming that we might raise 750 million bu, from which must be deducted the probable amount used on

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farms for seed and feed, the return to the farmer, on basis of even better prices than now exist, would net him less than half a billion dollars. However, it is important that hogs and animals are bringing good prices, and with a satisfactory feeding relationship, there is still a chance that the agricultural income will turn out quite satisfactorily.

Primary receipts were slightly better at 495,000 bu versus 353,000 bu last week, and 395,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 477,000 bu. It is quite likely that with the primary run rather light that there will be a fair decrease in the visible supply next Monday; it will compare with last year's shrinkage of 4,511,000 bu.

Themarket was not particularly weak; there are practically no short sellers, and outside of a few liquidating orders there was hardly any pressure. At the last May wheat showed a decline of 1/8¢ per bu.

Corn improved somewhat for the reason that while there had been scattered light rains in parts of Argentina, reports from the North continue pessimistic. Furthermore, cold weather in England may mean a better export business with additional quantities needed for feed. There was some buying in the pit that appeared to be against export sales. The main feature still is the strong domestic situation, with small receipts everywhere, and the primary run again just about one-third of what it was a year ago.

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CHICAGO January 9, 1939.

Sterling was slightly lower after the recent advance, but it seems to have been stabilized at present levels. It was generally conceded that Britain would make great sacrifices to protect her monetary unit, and, therefore, any number of steps were recently taken to bring about improvement. However, armament in Europe is drawing more attention right along. Germany definitely has not been appeased as a result of the recent Munich conference, and in fact, almost the day after concessions had been made to Germany there was a mounting stream of venom towards Great Britain. Germany's strategic position has no doubt been strengthened since the Czecho-Slovak thorn has been removed from her side, but rather than to achieve unity in Europe, the temper seems to be in the direction toward further acquisition. We believe that England is becoming more cognizant of this peril and that tremendous amounts will undoubtedly be spent, not only for defense, but also for additions to the British navy, which may finally prove too much, so far as stabilizing the pound at current levels is concerned.

At the present time, there is a much friendlier feeling between Italy and Britain, and the purpose of Mr. Chamberlain's visit to Rome is to further friendly negotiations, but as yet there is no definite sign that Italy has settled down and is willing to live in peace with her neighbors.

Under these circumstances, it is not surprising that Europe will take extra amounts of wheat for war reserves, although with the larger European crops this season, the buying seems to be accomplished in a rather leisurely manner, and, therefore, has had little effect upon general price levels. This week, for instance, world shipments were 7,210,000 bu compared with over 10 million bu last week, and nearly eight million bu last year. The fact that the Southern Hemisphere was rather slow in putting wheat afloat, together with smaller shipments from the Danube, is responsible for the poor showing; nevertheless, Liverpool quotations were actually 1/2 to 3/4¢ per bu lower for the active months, and a factor which brought this about was a report of some rain in India, together with moisture in our Southwest, which came rather unexpectedly. We would say that the rains were particularly heavy over the entire Texas Panhandle on Saturday night and on Sunday. There was also fine moisture in parts of Oklahoma and scattered rains in Kansas, but in any event, these were heralded as being particularly useful at this time of the year. The fact that the rains fell slowly and were sinking into the ground gave expression to some rather optimistic views.

When the visible supply of wheat was posted, it showed a decrease of 3,254,000 bu; total stocks in various positions now amount to 111,418,000 bu, and are 29 million bu greater than for the corresponding period in 1938. There was a shrinkage in Chicago stocks of 308,000 bu, to a total of slightly over 10 million bu, which is still on hand here. Primary receipts today were 689,000 bu; there was a holiday last week, and last year they amounted to 598,000 bu.

Trade was not large, but with beneficial rains over the winter wheat territory some liquidation took place. In fact the open interest has been declining for several weeks now, and is slightly under 95 million bu. At the close May wheat was 3/8¢ per bu lower than the previous session.

Corn was influenced by the easier tone of the leading cereal, but was also somewhat affected by rains in the Argentine, which may possibly help the crop in that country, although the moisture has come rather late. It is our own belief that the domestic situation is strong enough without help from the outside to maintain a reasonably high level all during the year.

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CHICAGO January 10, 1939.

The International Wheat Conference attended by twenty-two countries, opened in London this morning. Discussions will be held in private. It is rather difficult to surmise what the results will be, as the interests represented by the different countries are so diversified, making it extremely hard to arrive at uniform action. For example: it would not seem likely that any policy of acreage curtailment would satisfy the three Prairie provinces of Canada, where the results of agriculture fill such an important part of their productivity.

In scanning the records for the past few years, it appears that the biggest problem is not overproduction, but rather, due to one means or another, the failure of consumption to keep pace with the increase in population. According to figures released by the Food Research Institute of Stanford University in California, the average disappearance of wheat in Europe, exclusive of the Danubian countries and Russia, for the five years from 1925 to 1930 amounted to 1,641,000,000 bu, while from 1933 to 1938, despite a rapid increase in population, the disappearance only amounted to 1,648,000,000 bu. In the United States the average disappearance increased during the same periods from 629 million bu to 671 million bu, or an average of about 5 million bu per year, which would indicate that consumption in this country has kept pace with the increase in population. The factors leading to the restriction of food use in Europe can be greatly attributed to the high price of wheat, flour, and bread in many countries which maintain artificially high price levels; secondly, to the milling quotas for home-grown wheats and the import and milling restrictions limiting the use of hard wheats and admixture requirements; and thirdly, economic conditions and lower standards of living which prevail in many of those countries. The problem that seems to be confronting the export countries is not the reduction of acreages, but methods found to breakdown the present barriers, and to restore international trade.

Very frequently in the past January 10th has been picked as the calendar day to sell wheat, and experience has shown that in many years, although, of course, not every season, prices decline from this date until we approach the crop scare period in our country. We fully appreciate that in a world article, such as wheat, it is difficult at any time to predict the trend, but to go still further and pick the month, the week, or the day on which it should advance or decline, seems more hazardous, particularly in view of the subsidies and bounties which are being offered by many exporting countries.

Nevertheless, there is a sound reason why very often a price decline after January 10th takes place in the world wheat price. Clearances from the Southern Hemisphere as a rule start in large volume at this period. Last year, despite a small crop, weekly shipments from the Argentina began to increase on January 12th, with shipments of 1,656,000 bu, reaching the peak on February 16th when they amounted to 3,480,000 bu. In looking over the 5-year average (1931-32 to 1935-36), we find that shipments began to enlarge for the week of January 12th, averaging 2,488,000 bu, and continued to increase until the peak of 4,264,000 bu was reached on March 16th. It is true, the same happened in Australian clearances, but on a smaller scale, although this year the crop from that country will probably be only 135 to 140 million bu, leaving an exportable surplus of only 80 to 90 million bu. Argentina has an estimated crop of 316 million bu, or about 216 million bu for export. The total surplus for the Southern Hemisphere, therefore, is above normal, and large shipments can be expected.

Liverpool cables showed a decline of 1/4¢ to 7/8¢ per bu, and Broomhall comments on the fact that the weakness was caused by threats of large Argentine offerings.

(O V E R)

Importing nations still show a great indifference, and seem satisfied to allow the exporters to be the aggressors. The amount on passage decreased this week 1,832,000 bu, and totals 22,848,000 bu against 31 million bu the same period last year. North America furnished 3,996,000 bu of which 2,132,000 bu were shipped by the United States, and only 1,864,000 bu by Canada. To date Canada has exported 80 million bu, leaving her with 191 million bu available for export and carryover, which makes a very poor showing for that country.

Primary receipts today were 455,000 bu versus 571,000 bu last week, and 316,000 bu last year.

There was no further moisture reported in our Southwest overnight; Hastings, Nebraska, claims the panhandle of Nebraska received 5 to 8 inches of wet snow Sunday and Monday, and that the moisture was very general over that section.

There is very little interest displayed in the grain markets at present; entire open contracts of all wheat futures on the Chicago Board of Trade are only 94,662,000 bu. Our market fluctuated within a very narrow range, and at the close showed a decline of 1/8¢ for the May future.

Good moisture was received in parts of the corn belt of the Argentine, and this had a sentimental effect on our market. However, receipts continue very small, totaling 528,000 bu today against 1,679,000 bu in 1938. We do not look for any greatly enlarged movement of this cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 11, 1939.

Virtually every month history is being made, insofar as our economic situation is concerned, and it is, therefore, interesting to take stock to see what is happening in the different fields. Another milestone was just reached in the public debt when it passed the $39 1/2 billion-mark. The Treasury announced a few days ago that it owed slightly more than that figure, and with the President asking for another large spending program next year, it is thought that the debt will reach the unprecedented total of $44 1/2 billion by June 30, 1940.

In December, 1938, our gold stocks reached a new high of $14 1/2 billion, and are probably far in excess of any conceivable need, and practically double what they were in June of 1934. There was a rise last year of $1,750 million in gold stocks, and notwithstanding these purchases, the Treasury continued to be a heavy buyer of silver as well. Acquisitions to the latter stock were almost the largest on record, imports of foreign silver during the first 11 1/2 months of 1938 amounting to over 500 million ounces, while the domestic output during the same period was estimated at approximately 64 million ounces. It is our impression that one of the main reasons for paying the high price for silver was to help those states which are heavily interested in the mining of silver; but it is quite apparent that we are really doing more for others.

Of the estimated 500 million ounces of foreign silver received in this country, almost half consisted of Chinese silver coins, and now that silver is no longer the money of China, our purchases of the demonetized metal have rendered important aid to the Chinese in stabilizing exchange and facilitating purchases of materials. Newly mined silver, including over 95 million ounces of the Mexican output, was also very important, and we may say that last year our imports of gold and silver from Mexico were practically at the levels of 1937, whereas Mexico's purchases from us declined sharply, owing partly to the decline of the peso, and partly to increased tariff duties.

From the inauguration of the Silver Purchase Act to last December, the Treasury has spent about a billion dollars for silver, which was paid for by the issuance of silver certificates, the effect being not to raise taxes, but rather to increase the currency. The National City Bank of New York points out that the valuation of $1.29 per ounce placed upon silver as reserve for currency is wholly arbitrary, and that actually no silver could be be disposed of at that price, or anything like it. At present the open market price stands at 42.75¢ per ounce, and but for the support of the U. S. Treasury, would be much lower. It was decided a few weeks ago that the existing exchange arrangements should be prolonged for a further period. Undoubtedly we shall continue large imports, so that the difficulty from our own standpoint is that we already have a great deal more silver than we need.

Foreign wheat prices were very steady, Liverpool closing at an advance of 3/8 to 1¢ per bu, influenced largely by the uncertainty of European political developments. Added pressure from the Argentine was not much of a factor; it is claimed that the quality of this new wheat is especially good, and that yields are above expectations in the northern section.

Our market was again extremely quiet, being little affected by the farm reserve figures given out by the government yesterday. We find that while there is 73 million bu more wheat on farms than a year ago, most of the increase is in the spring wheat states, and on the Pacific coast. In Minnesota, North Dakota, South Dakota, Montana, Idaho, Washington, and Oregon there are 57 million bu more on farms than last year, and another place which also shows considerably more is the State of Nebraska, where reserves are 20 million bu, or 9 million bu greater than in 1938. Otherwise, changes are not very important. Owing to the fact that we raised 930 million bu of wheat this year, it is natural that there should be more in various positions.

(O V E R)

The trade was prepared for this, figuring that the carryover next July will be in the neighborhood of about 280 million bu.

Primary receipts of wheat were 454,000 bu versus 368,000 bu last week, and 392,000 bu last year. Kansas City and Minneapolis stocks so far this week have decreased 273,000 bu.

At the last May wheat was 1/8¢ per bu higher.

Corn was firm, influenced by a slightly better export demand. The farm reserve figures had been construed a trifle bearish. There is 78.9 per cent of the crop left on farms compared with 71.2 per cent a year ago. However, this does not tell the full story. We had a much larger carryover this season, and actual consumption since October 1st has amounted to 795 million bu versus 709 million bu the previous year. So that in spite of the attractiveness of the government loan, feeding operations had been taking place on a heavy scale. The present ratio of corn prices with hogs is also attractive to farmers. There is no burdensome movement; as a matter of fact, the primary run today was only 380,000 bu compared with 1,783,000 bu a year ago. It is doubtful whether commercial users are getting much grain even at a time when accumulations generally take place.

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CHICAGO MERCANTILE EX.

CHICAGO January 12, 1939.

There had been some anxiety yesterday over European political developments, and this was reflected in higher wheat prices at Liverpool, and lower securities prices here. However, the British Prime Minister was apparently well received in Rome, and his discussions with Premier Mussolini were reported to have progressed favorably covering the entire political horizon. It had been feared that possibly German influence in Italy might bring the talks to a deadlock, but apparently this was not the case at all. While no definite statements have been made by either side, it is indicated that Italy's aspirations in the Mediterranean might be satisfied by non-territorial concession. If this can be accomplished, it would sustain French insistence that she will not yield any territory to Italy.

When the stock market opened here this morning there was a much more cheerful feeling all around, and some of the misgivings expressed yesterday were dissipated. At about mid-session, however, the stock market reacted sharply following the President's armament message. Hardly any of the news recently has had much effect upon wheat prices here in Chicago, mainly for the reason that there is just a minimum of speculation, and with the large number of hedges that are only being withdrawn slowly, it takes a great deal of buying power to bring about sustained strength. Quotations from Liverpool were also more or less colorless, although at the last they showed advances of 1/2 to 7/8¢ per bu, being largely influenced by Australian flour sales to China. Statements from the other side indicated there might be further business in the same direction, and as we analyze the actual Liverpool price, we find that it is extremely low, new May wheat in that market selling at only 63¢; therefore, even with Argentine and Canadian pressure, plus the various subsidies being exercised by various exporting countries, we would hardly look for any severe decline over there, as it represents the delivered price after payment of all costs from point of origin, and looks to us to be extremely reasonable.

Argentine wheat shipments are estimated to be 1,543,000 bu this week, and this is the calendar period when ordinarily increases start. Very likely owing to milder weather shipments from the Black Sea were considerably improved this week, 2,128,000 bu being put afloat, which compares with 936,000 bu last week, and 576,000 bu last year. There was nothing shipped from Russia, however, and according to best information, business from that source is probably over for the season; therefore, we do not look forward to much pressure from that country on the balance of the crop. India will not be a factor as an exporter, but it is questionable as to how much she will actually import, even with dry weather, as a great many handicaps stand in the way, particularly the extremely high import duty.

With the smaller crop in Australia this year, there will probably not be a great deal of pressure from that country, which is very fortunate for the Argentine, where a very large crop was harvested. Broomhall states that samples have been received at Liverpool, analyzed and found satisfactory, and that, therefore, substantial business in this new Argentine wheat is being anticipated at current prices. The average time that it remains on passage is 35 days so that it should arrive in Europe early in March, if necessary for delivery on futures. The government is paying the farmer 59¢, which is the minimum price, and then they resell it to exporters at about 44¢, which means a subsidy of around 15¢ a bu. The importers are getting this wheat on a very attractive basis, and almost as low as it ever sold abroad, considering the quality, which is exceptionally good this season. Up to the present time, nothing very constructive has come of the International Wheat Conference now in progress at London. At yesterday's meeting, 14 countries were represented, and while most of the speakers favored the Conference, the Argentine delegation made certain reservations, claiming they would not enter into immediate agreements for the cutting of acreage. What benefit the various countries will finally receive, still remains to be seen.

(O V E R)

Primary receipts today were slightly better at 531,000 bu versus 321,600 bu last week, and 518,000 bu last year. Kansas City and Minneapolis stocks so far this week have decreased 414,000 bu.

Our market was firm at times, but best prices of the day were not maintained, as there was some liquidation in sympathy with the weakness of securities. At the last May wheat was 1/4¢ per bu higher.

Corn was fairly firm, but trade on the whole light. It would be repetition in each market letter to tell the story of this cereal. The main influence is the light primary movement, which today amounted to 400,000 bu. This is brought about largely because of the government loan plan, which tends to keep corn back on farms. A year ago when different conditions existed the primary receipts amounted to 1,850,000 bu. We think that later in the season there will be a better demand for supplies at terminals, and, therefore, believe that those who are patient will be rewarded. There is also a good volume needed for feed, and according to the government figures on January 1st in the 11 corn belt states the number of cattle was 7 per cent larger than a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO January 13, 1939.

No formal statement has come as yet from the London Wheat Conference, and with about 21 delegates representing various countries, we doubt whether there is unanimity of opinion. It reminds us very much of a Mark Twain statement -- "Everyone talks about the weather, but nobody does anything about it." On the surface there seems to be harmony, and yet underneath the importing countries have an entirely different point of view from exporting nations. Taking the attitude of the United States, we apparently believe in reduction of acreages, and have been sincere enough in that belief that we have practiced it. However, we are against any system of quotas for selling wheat abroad. The Argentine delegate expressed himself as not favoring a reduction of acreage, and we doubt whether Canada, which is an important agricultural nation, would try to work in that direction either. The importing countries seem to favor a system of exporting quotas, but on the other hand, were critical of all control methods which might lead to price restrictions. In the end, we believe that all of them will learn that price is probably as good a regulator of production and consumption as any single factor. However, the idea that something must be done has brought about various experiments, and we are afraid that as one or the other fails that new ones will be sought.

In Washington yesterday eight identical bills were introduced; they were apparently patterned after the McAdoo-Eicher proposal providing for fixed prices for agricultural commodities; in particular, one former bill was revived that had not quite been successful of passage during the last Congress, based largely upon cost of production, and is aimed to restore agricultural equality to the farmer.

When our market opened there was very little sentiment either bearish or bullish, and the chances are that the volume of trade was no larger than yesterday when less than 10 million bu of wheat were transacted in the pit. One of the reasons for the general indifference, we believe, is due to the fact that there is very little arbitraging between various markets. In an ordinary year there are a great many international spreads which appear attractive. Generally when Winnipeg wheat sells at 7¢ per bu discount under our futures there is a fair amount of spreading between the two North American markets, but because of the government support here at various times due to the export subsidy business, nobody can be sure what the true relationship should be because nobody knows just exactly what the subsidy amounts to now, or what it might be three months hence. Furthermore, there is an artificial situation in Canada because of the fact that by no means all of the government owned wheat is hedged, and nobody knows on an advancing market just to what extent the government might try to protect itself by selling futures against the cash wheat which they own. There is also the Liverpool future selling at extremely low levels, but how can anyone be sure what the Argentine government might do if they finally become aggressive and try to put wheat into exporting markets; where at present the subsidy is about 15¢ per bu it might be increased to 20¢ or even 25¢ if legislators decide that that might be the proper thing to do.

Therefore, a great many traders are staying rather close to shore awaiting further developments at home, trying to see whether a smaller crop next year, even with a large carryover, might not bring about a higher price level than now exists. In view of the fact that with the condition of the plant on December 1st only 72 per cent, many feel that unless we have an unusual amount of moisture during the winter months, or at least next spring, that quite a different picture will exist in another six months.

Primary receipts today amounted to 520,000 bu versus 495,000 bu last week, and 500,000 last year. So far this week Kansas City, Minneapolis, and Duluth stocks show a net decrease of 502,000 bu. We expect that on Monday there will be a fair decrease in the visible supply, but not as great as a year ago when it decreased 4,335,000 bu.

(OVER)

World shipments are also apt to be somewhat better owing to the fact that more was put afloat by Australia, Argentina, and the Danube, although stocks at Liverpool are not burdensome at this time. There had been a little moisture in the Southwest overnight in the form of rain or snow, but not very important, except that with the dry weather that has prevailed whatever relief comes is more than welcome.

At the last May wheat showed a decline of 1/2¢ per bu.

Corn was slightly lower, probably influenced by the recent rains in the Argentine, which may have saved that crop in many districts. We are impressed mainly by our domestic situation. Primary receipts today were 514,000 bu, which are smaller than last week, and were 1,801,000 bu last year.

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CHICAGO MERCANTILE EX.

CHICAGO Jan. 16, 1939.

With Congress in an economical frame of mind, already showing an urgent desire to cut expenditures for relief, there is also a stronger sentiment developing to ban further purchases of foreign silver; in fact, a movement is getting under way for major revisions of the Silver Purchase Act, at least, in relation to imports. Many members are feeling that a continued heavy purchasing program of foreign silver might ultimately have the effect of exhausting a ready market for the domestic output. It will be remembered, when the original act was passed, it had been hoped that all the major countries of the world would join with us in using more of the white metal in their currency systems, but apparently this was not the case, and hardly any of the foreign nations have kept pace with us, the result being that we have become the dumping ground for a good deal of the silver which was not wanted elsewhere in other parts of the world.

Before long we believe that our Treasury will have to come to some definite conclusions, as we are absorbing such large and abnormal quantities; and in the words of the London Economist, "We may be left alone carrying a silver baby, which is already exceptionally heavy, and promises to put on weight at an alarming rate." Meanwhile, there is a certain amount of suspense in England, because if the present agreement is not renewed it might have grave effects upon silver nations, such as Canada, China and Mexico. Secondly, if the domestic rate would be reduced again from the 64 5/8¢-level it might also have a sympathetic influence upon international markets. Last March the world price was reduced from 45¢ to 43¢, and the import level has been held at the latter figure ever since. But with the feeling in London that the present price of silver is at an artificial level, there is not even the normal absorption in countries such as India, and we are acquiring very large amounts, or in the neighborhood of about a billion dollars' worth during the last five years. The United States Treasury continues to dominate the world market for silver, and in economic history, no such parallel can be found.

When our market opened this morning there were few important influences; Liverpool prices were again colorless, some futures being higher, while others were a shade lower. Demand was reported to be extremely quiet, and world shipments were considerably larger than they had been in several weeks; they actually amounted to 11,294,000 bu compared with 7,210,000 last week, and 10,434,000 last year. As a result on-passage stocks increased considerably, but are smaller than they were for the same period in 1938. The main reason for this is the reluctance on part of Argentine shippers to place their wheat into export channels, and just how long they will continue this practice is difficult to state, except that a country with only 8 million inhabitants has always found it necessary in the past to merchandise its grain, and in former years they have never tried to carry over unwieldy surpluses into the next season. Shipments last week were the heaviest so far, and it may be that they are gradually awakening to the necessity of selling larger quantities. It is this pressure, combined with that of Australia that generally gives us bearish markets during January. Without it, we might have greater firmness here, and believe that this is exactly the situation at present.

Last week the government estimated farm reserves at 281 million bu, which was the largest in ten years, but, despite this, movement to terminals is not particularly heavy, and pit-wise there do not seem to be many new hedges being placed in our market. It is felt, however, that even with the export program, which will probably result in the shipment of 100 million bu of wheat from this country, the carryover next July will be more than sufficient for all purposes, This also tends to restrict buying operations, although the latter may come later on if the outlook for next year's crop is disappointing.

(O V E R)

According to the Department of Agriculture, there was beneficial moisture in the domestic winter wheat belt last week, although more moisture is still needed in western Iowa, parts of Missouri, and central portions of Kansas. The weather map suggests that eitherrain or snow may occur in many of these sections before lower temperatures set in. In Europe, the winter wheat prospects continue generally favorable, despite the cold wave that they had recently. India is the one outstanding country where it is still extremely dry over most areas. In spite of the import duty, amounting to 28¢ per bu, it is very likely that further requirements will be taken fromAustralia, and this factor also tends to check any severe breaks which might otherwise take place at Liverpool.

Primary receipts were moderately light at 531,000 bu versus 689,000 bu last week, and 738,000 bu last year. The visible supply showed a heavy decrease of nearly 4 million bu; however, there are still 107,443,000 bu at various points, or about 29 1/2 million bu more than in 1938. Chicago stocks decreased 225,000 bu to a total of 9,865,000 bu.

There was very little feature to the market, but on the whole prices held firm, and at the last May wheat was 1/4¢ per bu higher than on Saturday.

Corn was rather indifferent, but helped by the firmness of the leading cereal. Receipts by comparison with last year continue to make a poor showing. The Argentine crop prospects are somewhat improved after the recent rains, with estimates ranging from 177 million bu to 236 million bu. Private estimates figure that the exportable surplus may amount to 197 million bu. If this is the case, it will require complimentary shipments from other exporting nations, probably including ourselves, as world shipments during the last five years have been at a minimum of about 300 million bu in any one season.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 17, 1939.

The system of subsidies upon which most of the important exporting nations of the world have embarked, has probably progressed sufficiently so that we may take stock, in part at least, in an effort to judge results. As we have mentioned in our letters for some time, one disappointing feature was that cheapness of wheat did not in itself encourage larger consumption on part of importing nations. Probably the reason for this was that the low price did not reach consumers and with various tariffs and other influences, the price of the subsidy actually went into the coffers of the foreign treasuries. If experience is worth anything, it must demonstrate from that point of view that the subsidy has not accomplished much. Secondly, the question arises as to how long the smaller nations can afford this luxury and already this phase of the problem is being considered seriously in Canada, where obviously they cannot continually pay bonuses to the farmers, because with the small population it is too great a drain on the tax payers.

Alternative methods are under discussion, but nothing concrete has been developed, although one plan calls for the marketing of wheat through cooperative pools, and provides for a government guaranty of a minimum price at a reasonably average world market level. The other system would provide a sliding scale of government-guaranteed prices, which would increase as the world price fell below a fixed price, but the bounties would be paid on the basis of normally cultivated acreage, instead of seeded land. The one great objection to what occurred this year was that the farmers, whose crops had proved to be failures, benefited so little because they only received the minimum price on the small amount which they harvested. Apparently, some alternate method is being sought so that there will be a reward for the farmer who planted a large acreage, but whose final yield had suffered because of conditions beyond his control. We don't know how successful the subsidy plan which has been operating in the United States the past six months will be recorded in history, but there can be no doubt but that the world level declined as we pressed our supplies into export channels, probably at the expense of other exporters, who at a future date may decide to do the same thing to us.

There seems to be considerable antagonism to the reinstatement of processing taxes, which apparently Secretary Wallace is again sponsoring, and in the President's recent budget message, he intimated there would have to be additional taxes to finance further farm benefit payments. However, the treasury takes the stand that taxes on consumers are already sufficiently high.

There was again nothing from Europe to stimulate activity here. Liverpool futures were fractionally higher for deferred months, but a little bit lower on the nearby delivery. Actual demand was extremely quiet and hardly any export business was reported except a few odds and ends. Most European countries indicate satisfactory crop conditions--weather over large sections is mild --some damage may have occurred because of the extreme cold weather late in December, particularly in Belgium and Northern France, as well as Italy. The weather in our Southwest was more satisfactory --good rains and snows were reported in many areas of Texas and Oklahoma, although in Kansas moisture was rather light and confined principally to eastern and central sections.

Primary receipts of wheat were just moderate at 448,000 bu versus 455,000 bu last week, and 376,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 59,000 bu.

There was again a rather small volume of trade; yesterday total wheat transactions were less than 7 1/2 million bu. However, with so few incentives at the moment not many new commitments are being entered into, and the total open interest is less than 93 million bu, of which more than half still rests in the May delivery. Should there be crop scares later on we believe that attention will be centered more in the new-crop months. At the last the market showed a decline of 1/8¢ per bu.

Corn was firm at times, but was also more or less neglected. There were further rains throughout the Argentine corn belt, which has undoubtedly improved crop prospects, and the demand from Europe is reported slow. We base our views mostly upon the domestic outlook, still feeling that large quantities will be cribbed on farms and withheld from market. According to the Iowa State College, Iowa farmers have requested government loans on approximately 175 million bu of their 1938 corn crop.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 18, 1939.

During the past two or three months wheat prices have been very firm --in fact, the market has been in such a rut that we are afraid that toolittle attention was paid to fundamentals. Possibly this came about through artificial influences. First of all, since the end of August, we have sold all of our wheat to Europe through subsidy. True, 46 1/2 million bu have actually been exported since last July out of the proposed 100 million bu exports for the season; but, of course, this has been accomplished right along by taking substantial losses, although it has withdrawn hedges from the market, thereby preventing sharp breaks. Our sale of 25 million bu to British millers undoubtedly was largely at the expense of Canadian shipments, and since August 1st they have cleared only 86 million bu. Furthermore, we are told that only a part of the grain that has been purchased by the Canadian Wheat Board is hedged, and this may account also for the comparative firmness in the Winnipeg market. Lastly, we have the extremely artificial situation which exists in the Argentine. Even with the hugeness of their crop, with a surplus probably in excess of 200 million bu, very little effort is being made to sell wheat in foreign markets. As Broomhall remarks in his gossip this morning, the Wheat Board in that country is incurring a grave risk of losing the market altogether if unwilling to do business at a price at which the wheat would sell freely in consuming markets.

It seems a rather precarious policy in a year such as this, when the world produced about 630 million bu more than the previous harvest. It is now calculated by our Department of Agriculture that carryover stocks next June 30th will total 1,223 million bu; this would compare with 595 million bu that was carried into the present crop. It is, therefore, a certainty that someone will finally be left with a very heavy load, and it is impossible at this writing to say upon whose shoulders this burden will mostly rest, because nobody can ascertain to what further degree artificial methods will be pursued by either Argentina or Canada in an attempt to obtain better prices, and thereby limit their personal losses. If the Argentine has overstayed its market, it may be a sad picture later on for that country, as the exportable surpluses in the world remain exceptionally large.

Since August 1st, world shipments to Europe were 25 million bu larger than a year ago, while to ex-Europe they were 8 million bu greater. In Canada, total stocks were 109 million bu heavier than they were in 1938, exclusive of stocks held in farmers' hands. Outside of the amounts on ocean passage, which are 7 million bu smaller than a year ago, all other stocks included in the world's visible supply of wheat are larger than they were a year ago.

It must not be forgotten that production in Europe, exclusive of Russia, made an all-time record this season. There was actually 256 million bu more wheat raised than last year, and the only apparent reason that import requirements are larger is because of the fact that reserve stocks are being built up, owing to the fear of a possible war. There is some comment upon India, where dry weather continues, and as a result, further imports of foreign wheat may be necessary, despite the high duty. India is a country which has been on both sides of the fence. During recent years, they exported small quantities but during the period between 1928-32 she was an importer, taking as much as 16 million bu in one season. We doubt whether her requirements this year will be sufficient to offset other world conditions.

Liverpool quotations were indifferent at the start but firmed up considerably, showing advances of 7/8 to 1 1/2¢ per bu at the close. This was due to renewed buying of Argentine new crop wheat, and possibly following an over-sold condition which had developed in that market. Export trade from North America was rather quiet, although a cargo of Manitobas had been reported sold from the Pacific coast.

(O V E R)

The weather map showed rather widespread moisture at the various reporting points. Generally speaking it was light in Kansas, with clearing conditions setting in, but according to the government weekly weather and crop report, the weather during the week was favorable to winter grain crops in much of the country, especially from the Mississippi Valley eastward where wheat continues mostly in fair-to-good condition. The outlook generally in the more southwestern areas is better than previously reported, and it is claimed that in Texas and Oklahoma the weather has been favorable, although in some sections it is still too dry. There is improvement in Kansas as well, while snows in Nebraska were decidedly beneficial.

Primary receipts today were very small, at only 301,000 bu versus 454,000 bu last week, and 376,000 bu last year. So far this week stocks at Kansas City and Minneapolis have decreased 444,000 bu. Our market responded to the better tone abroad, and also to firmness in Winnipeg, with our May wheat closing 1¢ per bu higher.

Corn was hesitant, and in fact, there was pressure on the September delivery, as some traders believe that after next August the government will own considerable quantities of corn in the country, as a result of their loan policy, and that some of these holdings might be sold. However, we believe that for the next few months corn will be scarce and receipts tend to confirm this opinion.

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CHICAGO MERCANTILE EX.

CHICAGO January 19, 1939.

Volume of trade in grain continues very small but speculative interest generally seems to be at low ebb, with stock market activity shrinking to the smallest total since the September war scare, and we observe that New York Stock Exchange seats are the lowest since last June. This does not necessarily indicate that the public mind is pessimistic, because actually, we believe, there is a fair degree of confidence, except that immediate changes are not being anticipated, and with so many artificial influences, future events cannot be easily forecast. Steel demand is below expectations at the moment, although marked improvement is anticipated later on.

Various bills are being introduced into Congress and more conservative thought is expected along many lines. One bill brought up yesterday for Congressional action is to repeal the Wagner Act and to make way for a new measure removing from the Labor Board its judge and jury power. Steps have already been taken toward lessening expenditures and on the whole, we see no reason for apprehension, even with seasonal let-up in certain lines.

There is not a great amount of optimism in Europe, many feeling that armament spending will take money from other fields, and from Liverpool we get reports that the volume of grain trade is also very dull. Yesterday, with apparently only a small volume of buying, the market rushed upwards, and today we see declines that range from 1/2 to 3/4¢ per bu. Prices are still very reasonable, new May wheat selling for only 63 1/2¢. They, too, cannot make plans for the distant future, as policies of the Argentine Wheat Board and of others, would prevent normal forecasts. One of our friends cabled us from Liverpool that he understood negotiations were taking place for the sale of some Argentine wheat to England, and we presume that efforts are being made to get the Argentine wheat into consumptive channels, even though they have appeared on the surface, to be quite indifferent towards any aggressive action. There were earlier reports that possibly some sort of barter arrangement might be attempted whereby the Argentine wheat would be exchanged for either German or Italian goods, but from past experience we know that "cash" is much more satisfactory to a smaller country, because the various exchange methods of trying to swap merchandise have had their drawbacks.

However, we know one thing, and that is, a country like Argentina has its time limits for selling. Ordinarily, they take advantage of the period when shipments from the United States and Canada are on the decrease. In an ordinary year they ship about 70% of their surplus between January and July, and if Mr. Broomhall's figures on production are correct, namely, that a crop of 324 million bu was harvested, then they could easily spare 208 million bu for export, and still have a carryover next year of 16 million bu. On basis of ordinary shipments, it would mean that they should export 145 million bu during this 26-week period, or on an average of 5 1/2 million bu per week. The way they started off nothing of this kind is in sight, but we still believe they will change their views when they find they must face realities.

World shipments since August 1st have averaged 10,740,000 bu, and during the balance of the crop season, to make up the estimated requirements, it would only necessitate the shipment of 10,366,000 bu each week until North America harvests another crop. We mention these figures to show that if the Argentine ever began more activity, it would not leave a great deal for other exporting countries to furnish,particularly since there is still a fair amount in the Danube and a large amount in Canada. We figure that in the latter country, the balance remaining for export and carryover is close to 187 million bu versus just 64 1/2 million ~~more~~ last year.

There was very little in export circles, demand from this side being rather flat, and advices fromEngland speak of a very quiet demand. Since the first of August they have imported 10 million bu more wheat than during the previous year, and 1 million bu less flour, with consumption a rather constant figure with them.

(O V E R)

Primary receipts were very light again, amounting to only 391,000 bu versus 531,600 bu last week, and 529,000 bu last year. Shipments were moderately heavy, and there is a fair amount of wheat being moved from terminals to fill FSCC sales to Britain.

Our market was somewhat easier, with apparently no new buying power of consequence. There has been a rather steady removal of hedges, principally of May wheat, for several weeks against export sales. This has undoubtedly taken the slack out of the market at a time when receipts from the country are light. Many people argue that the market probably cannot break much, and as a result there are hardly any shorts. At the last May wheat showed a decline of 1/8¢ per bu since yesterday.

Corn was hesitant, and sentiment seems less bullish, as some traders believe that while supplies are temporarily withheld from the market that there may be a heavy movement next fall before another crop is harvested. This would be on the assumption that farmers would want their cribs, and would ask the government to move supplies to terminals. In the meantime, however, even with poor export business, we feel that there is a fair chance for higher prices. Receipts remain light, and feeding operations are quite substantial.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
EW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 20, 1939.

The Gold Reserve Act of 1934 would automatically expire on June 30, 1939; however, President Roosevelt has sent letters both to the Senate and to the House asking for an extension for a period of 18 months. He also asked that the Dollar Devaluation Act be extended for the same period. In explanation of this action, he spoke of unsettled conditions in other countries, calling attention to the fact that the powers presently bestowed on him provide somewhat of a safeguard to the nation's interests and to carry forward international monetary and economic cooperation.

That great changes are occurring in the financial world need hardly be mentioned in these letters, and where formerly foreign exchange was fairly stable, except during times of emergency, almost each day now we find new phases and new situations confronting us as we read through the daily newspapers. Today, for instance, advices from Berlin stated that Dr. Schacht had been dropped from the Reichsbank, and he has been relieved of his post as president of that institution. While he will still remain a member of the German Cabinet, with special tasks being assigned to him, the immediate effect on the German mark was adverse, and the break in foreign exchange reflected great uncertainty in international quarters. Quotations dropped to the lowest level since the September war crisis, and while not much opinion was expressed in London as to the ultimate effects, some viewed his displacement with apprehension as he had been regarded as a financier of eminent distinction with a clear approach to many of the existing problems. There was little effect on the Stock Exchange in Germany, while here practically no attention was paid to the news.

We had very little to guide us when the market opened except that Liverpool quotations were somewhat lower, and at the close there were losses ranging from 1/8 to 1/2¢ per bu. The reason attributed to the decline was heavier shipments fromSouthern Hemisphere countries, slightly over two million bu being placed afloat by Australia, and 2,267,000 bu by the Argentine. From the latter country this is the heaviest so far on the crop, and Broomhall estimates that there is still a surplus of 200 million bu for later shipments. There was also some pressure of hedges at Liverpool by Argentine shippers, and we believe that although delayed we are entering the period now when this will become more of a factor. There is still hope that the government will remove the peg from the futures market on wheat and allow the price to decline to the international level.

It is almost unthinkable that a country which depends so largely upon its foreign outlet should stand still at a period when they ordinarily ship wheat in large volume. In Australia, cable reports tell us, growers continue to be dissatisfied with present prices, and they are selling on a smaller scale than is usual at this time of the year. Nevertheless, we have always found that the farmer in every country is a very rational person, and he realizes that when large crops are harvested the price is less satisfactory than in years of poor returns. Of course, the crop was somewhat smaller than average in Australia, owing to the prolonged drought but, nevertheless, the Federal statistician adheres to his estimate of 145 million bu, which is no change from the tentative forecast issued early in December, and is really not a poor showing considering the adverse weather that was sustained. Last year the crop amounted to 188 million bu, but that was rather the other extreme, and two years ago 150 million bu were harvested, so that actually the results are not so poor, in view of a partial failure that took place in many areas. At the present time, there is a certain amount of wheat being shipped to the Orient, China having taken three cargoes of Australian wheat recently, but this is not entirely unexpected as the Far East had been counted on to take fairly large quantities during the season. There was also a cargo of Pacific Coast wheat sold during the last day or two, probably under government subsidy.

(O V E R)

Primary receipts today were somewhat better --607,000 bu compared with 520,000 bu last week, and 455,000 bu last year. Stocks so far this week at Kansas City, Duluth and Minneapolis show a net decrease of 978,000 bu, indicating a fairly liberal decrease in the visible supply on next Monday. Comparisons will be made with those of a year ago when the shrinkage amounted to slightly over three million bu. Trade remains light in all pits, yesterday's volume having been less than 11 million bu for all grains.

The Modern Miller reports that recent precipitation in parts of the West and Southwest resulted in more favorable crop comments from that area. Map readers think that there might be further relief over the week-end. In studying moisture for Nebraska, we find that September had been a good month, with an average of 2.89 inches for the state versus 2.06 normal; but since that time it has been dry, and for the last four months moisture was only 80 per cent of normal. In Kansas, the showing was worse --September witnessed 2.19 inches of rain versus 2.82 inches normal, but for the four months --September, October, November, and December, only 60 per cent of normal moisture occurred.

At the last May wheat was unchanged.

Corn was a little firmer at times in sympathy with wheat, but trade was light. The Argentine government claimed that the condition of the growing crop was still below normal, and despite rains, prospects in some sections were still poor. Export demand is slow at the moment, but we feel that the domestic situation is quite sound.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Jan. 23, 1939.

Over the week-end much thought was centered towards Dr. Schact's dismissal, as President of the German Reichsbank. The terrific strain which the Nazi program has placed on the nation is becoming better understood as time goes on. After all, Schact was a comparatively conservative financier, despite many mistakes that may have been made during his regime. The world is speculating at the present time whether Germany will be forced to make foreign trade a complete government monopoly, in the light of their present and past experiences; that the system of bartering has not been successful must become more evident to all. With his removal it probably means that the Nazi party will have more to say about finance , and very likely the country will be headed by a more radical group. Inflation clouds are already beginning to appear on the horizon, and in a country such as Germany, which has the smallest amount of gold on hand, and which is deficient in raw materials, it works much more quickly than in a resourceful country where conditions are entirely different.

In short the financial world was scared this morning. Stocks in London broke sharply, nobody having great faith as to the immediate political adjustments. There was also a higher grain market at Liverpool, largely for the same reasons, closing prices advancing 3/4 to 1 1/4¢ per bu.

This came about despite fairly substantial world shipments, which were 11,559,000 bu slightly more than last week, and compare with only 10 million bu last year. The amount on ocean passage increased about 4 million bu; Cash demand in Europe was generally quiet, and ordinarily we might have expected great indifference, but because of political uncertainties their quotations were somewhat better than anticipated.

London reported that sterling had weakened further against the principal currencies, but the British control was apparently willing to lend support, and the reaction was almost as sharp.

As an offset to European conditions, there had been very favorable moisture in many parts of our Southwest; this extended even into Kansas, where as much as 3 inches of snow seemed to be quite general. Nebraska also benefited, as did Oklahoma. On the whole, we would imagine that the moisture situation has improved greatly during the past ten days. Amarillo reported snow on the ground; so apparently the Texas panhandle was also favored with precipitation, and this tended to keep our market from becoming very strong at any time.

Primary receipts today were 692,000 bu versus 535,000 bu last week, and 693,000 bu last year. When the visible supply was posted it showed a very heavy decrease of 4,310,000 bu. The total in all positions is now 103 million bu, or about 28 million larger than in 1938. It seems that from southwestern points there have been fairly big shipments to the Gulf, apparently in fulfillment of sales to the FSCC. According to a dispatch from Washington, total sales of wheat and flour, including subsidized sales, were approximately 78 1/2 million bu between July 1st and January 15th. Of course, this does not mean that all of the grain has been shipped, and we would estimate that probably 25 million bu of the sales are left in the country, but will gradually be exported. For months now nothing was sold except under subsidy, and including storage charges and indemnity on flour, we understand the average loss amounts to about 25¢ a bu on the amounts handled by the government.

Our market, after a steady opening, declined. Weakness in securities brought about some liquidation, and at the last May wheat was 3/8¢ per bu lower than the previous session.

Corn also slumped, and apparently there are a great many longs, some of whom were desirous of liquidating their holdings. We still feel there will never be a burdensome movement to market. On the other hand, there is a fairly large visible supply amounting to 47 million bu, or 8 1/2 million bu greater than a year ago. At the present time export demand is almost negligible. Later on commercial users may find that they will have to come to terminal markets for their supplies, although at the moment there is a sufficient movement to take care of their needs.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 24, 1939.

The oldest duty of governments is to furnish their citizens with safety. Three and a half months ago the challenge of impending war showed that two years of preparation in England had failed to provide the crowded and vulnerable cities with adequate protection against air raids. Today, when the post-Munich promise of peace has worn sadly thin, there is a growing clamor in the country for effective and forthright measures of civilian defense. Mr. Chamberlain appealed to the people of Britain in a radio address yesterday afternoon, and his words were broadcast over practically all stations of the world. He stated that his scheme is to make Britain ready for war, but that this does not necessarily mean that war is coming, and that preparation for defense and to resist attack will make it less likely for any aggressor to take the initiative. We believe Chamberlain waited for a more strategic period to make this appeal. He waited until the financial and physical structure of Germany and Italy had further weakened to a point where it might be more difficult for these nations to assume the offensive. He also felt it the duty for Great Britain to show to the world that a free people is prepared to do almost anything in defense of liberty and to uphold the ideals in which they believe.

Following almost immediately the critical period of Germany's turning point in relation to financial emergencies, it was at least felt that with Britain showing great strength during this period, there was more chance for averting war for the present. Some have felt right along that Mr. Hitler might force his country into war, should the financial status become too desperate, and this might divert the minds of people from the real issue. However, the strain in recent years has been great, and the cost of armament has impoverished them to a point where they might not risk plunging headlong into battle, knowing that their opponents were well prepared.

Before the stock market in New York opened, cables from London claimed that prices had risen somewhat, as Mr. Chamberlain's more optimistic note had been favorably recorded. There were periods of strength here, but apparently there is still hesitation until the European political outlook is further clarified. Furthermore, there has been some recession in business, which is a restraining factor at the moment. Grains were hesitant at the start; in fact, dipped slightly under last night's closing levels, but short covering took place, and there were fair gains. This was rather surprising in view of further beneficial moisture which had occurred in many sections of the winter wheat belt. It is true, the snowfall had not been extremely heavy at any place, but at the same time it was quite general, and extended even into the northwestern portion of Kansas , where up to now dry conditions had prevailed. Then also, Liverpool quotations had been weaker, closing 5/8 to 7/8¢ per bu down. It seems that even though the Argentine government is reluctant to sell supplies on a large scale, more business is being consummated right along, and this additional pressure is being felt in European markets. It is also understood that some Argentine wheat was sold to the British government; possibly the latter is replenishing its supplies for war reserve that had previously been drawn upon. Demand for North American grain was very poor, although some small quantities of Pacific coast wheat were worked.

Primary receipts were 459,000 bu versus 448,000 bu last week, and 265,000 bu last year. So far this week Kansas City and Minneapolis stocks show practically no change. After the close tomorrow the Department of Agriculture will report on interior mill and elevator stocks, and then we shall have almost full data on the amounts of wheat still held in the country.

At the last May wheat showed an advance of 3/4¢ per bu.

Corn was easier at times, influenced by the early break in wheat, and also owing to the poor export demand. However, there was some recovery, but on the whole trade was rather light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 25, 1939.

For three or four successive months, the Department of Agriculture at Washington has given us increased estimates of world's production. They also believe that as a result of large crops, the carryover at the end of the season will be a record for all time--1,230 million bu. This would be even greater than during the Farm Board era when also the Canadian Wheat Pool was also withholding artificially, large surpluses from the market. It is interesting to try to figure where these larger quantities will be held. According to the same authority just referred to, it is claimed that exports from various surplus countries have amounted to 280 million bu from July to the end of December. They figure that between January and the end of June, Canada may be called upon to furnish 25 to 30 million bu; Southern Hemisphere, 100 to 125 million bu; Russia only 5 million; United States, 50 million bu, and the Danubian countries anywhere from 40 to 50 million bu.

If these estimates prove to be correct, it would mean that Canada would add very largely to her last carryover which was reduced to 24 million bu, and might finally present a problem, particularly if the next crop should again be average, or better. We figure that Argentina and Australia, roughly speaking, have a surplus of about 290 million bu. Ordinarily, 70 per cent is moved during the first six months of their crop season, which would mean that under normal conditions more than 200 million bu would be moved by July 1st. However, these are not normal times, and the Argentine government seems to be discouraging, rather than encouraging, normal trade relationships. The grain futures market at Buenos Aires has requested the government for permission to deal in wheat at the international price. At the present time, wheat for future delivery can only be dealt in at the fixed minimum, or above, and consequently, the market is stagnant and quotations meaningless. However, freedom from this restriction would not in any way affect the minimum price to the grower, but rather, would broaden the potential demand for the country's production. The government board would then be free at all times to sell on the market responsive to world's influences, and as the "Times" of Argentina points out, growers and local dealers would be given an indication of the true economic value of wheat, and the government would be able to operate therein, and pay only the difference in value between the fixed minimum price and the open price without waiting for export demand to develop. We are indebted to Mr. Broomhall for this information, which sets forth very clearly the dilemma in which the Argentine government finds itself.

Quotations this morning from Liverpool were firmer, most of the strength centering in old crop futures. Political news, and the general unsettled condition in Europe were still the main reasons for concern. Many commentators believe that before long the economic crisis in Germany will come to a head. For the past year, their trade balance has been unfavorable, and even with the acquisition of Austria and the Sudenten areas, there have been drawbacks, as these two countries have been a drain, rather than an asset, their imports having exceeded exports. Raw materials are needed to a larger extent than luxury articles which are shipped from those countries. Moreover, the tourist trade which had brought in money from other parts of the world, has been seriously curtailed. This being the case, it is understandable that Germany should be seeking new methods through new tribunals in an effort to revamp trade agreements. Grain supplies in that country seem adequate and reports indicate that total stocks of wheat and rye at the end of December were about 150 million bu above those of a year ago, with crop prospects also favorable. It is quite likely that Germany is also building up additional supplies for war reserve, although there are still large quantities remaining in farmers' hands.

Primary receipts today were 363,000 bu, which was not large, and compares with 301,000 bu last week, and 401,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 148,000 bu.

(O V E R)

There had been a marked improvement in trade yesterday on the upturn, but today it was rather dull again, firmness being in sympathy with the better tone in Winnipeg, higher prices in Liverpool, and political uncertainty.

The government weekly weather and crop report was fairly optimistic, and spoke of improvement in a good many areas that had been favored recently with moisture.

At the last May wheat showed an advance of 1/4¢ per bu.

Corn was slightly higher. This cereal has lost a good many of its friends; we believe that the discouragement came about because of the belief that later on accumulated stocks would be disposed of. There is, in our opinion, an interim period when strength might easily develop, particularly if there is any improvement in the export demand. A better inquiry was noted from Europe, and a small business worked.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 26, 1939.

The recent strength at Liverpool was largely attributed to European political conditions. This was again the case today when advances were recorded of 3/8 to 5/8¢ per bu. It has been apparent for many days that it was just a question of time before the loyalists would suffer a decisive defeat in Spain, and with Barcelona surrendering today it virtually assures the rebels of a complete victory. What the aftermath will be is still a question, but Europe was more alarmed, and securities here fell sharply in one of the severest declines that we have witnessed so far. There are also rumors of more unsettlement in Britain. The government has distributed 20 million pamphlets explaining national service. Enlistment is entirely voluntary, but even without a mandate there will be considerable time consumed by civilians during times of peace to train for war. There is the feeling that preparedness is badly needed, as modern warfare is different from any experiences of the past. Furthermore, ocean lanes might be greatly endangered by the use of submarines; and Mr. Broomhall points out that the food security reserve stock is being maintained. Recently we mentioned that the British government had made purchases in Argentina for that purpose. England bought five Australian cargoes yesterday, which means a total of about 1 1/2 million bu; there was also some business from other countries; so that during the period of excitement some of the exporting nations have fared somewhat better, just as was the case during the war crisis last September --the only difference being that recently it has been on a smaller scale.

Estimated Argentine shipments this week are just slightly more than 2 million bu, or about the same as last year, but smaller than a week ago. It is most unusual that the business from that country should be in such small volume, but we presume the only explanation is that being handled by the government there is less aggressive selling than if handled by private enterprise. It is claimed that the Wheat Board had purchased about 60 million bu new wheat from farmers up to the first of January, and since that period their accumulations must have been very considerable. Should they come to the conclusion to sell more aggressively, it might easily affect world markets, although at the moment they are not taking the initiative, possibly influenced by the thought that European nations will build up war reserves. Black sea shipments are also smaller-- 1,320,000 bu compared with nearly 2 million the previous week.

As far as our own country is concerned, actual shipments of wheat and flour since the first of July have amounted to 49 1/4 million bu. The Department of Agriculture estimates about 53 million bu, but the discrepancy, we believe, lies in the fact that imports of Canadian wheat into the United States by bonded mills were nearly 4 million bu, and when this flour is reshipped to Europe it comes under the category of United States exports, while actually it is Canadian wheat. Of course, there has been a good deal of wheat sold which is not yet shipped, bringing the total near the 80 million bu mark, or not far from the goal that was originally set for the business that was to be handled during the entire crop season.

After the close yesterday the government estimated interior mill and elevator stocks at 138 million bu. This is the largest that was on hand during the past four years, but in view of the very large crop raised the figure was about as expected. We now find that adding to this the amount held on farms and in the commercial visible supply there is 131 million bu more wheat than in 1938. The only estimate still lacking is the quantity owned by merchant mills, although we doubt whether the figure will be much smaller than last year's. A good many statisticians believe that the domestic disappearance will be 700 million bu, which it was a year ago, but with a smaller acreage being planted to both winter and spring wheat the reduction for seed alone would amount to nearly 20 million bu; therefore, some allowance should be made in that direction.

(O V E R)

Primary receipts today were 490,000 bu versus 391,000 bu last week and 275,000 bu last year. So far this week, stocks at Kansas City and Minneapolis show a net decrease of 284,000 bu. There was some evidence of an improved milling demand, or at least, buying in the pits suggested that flour sales had been made. This, together with the bullish carryover feeling from yesterday, gave us early firmness, accompanied by strength at Liverpool, but toward mid-session, prices declined in sympathy with the sharp break in securities, and at the last May wheat showed a loss of 1/2¢ per bu since yesterday.

Corn was also lower. Nothing much was heard of export trade, and this was regarded as disappointing. Receipts are making a better showing now compared with last year. Primaries today were 472,000 bu compared with only 392,000 bu in 1938.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 27, 1939.

The insurgents completed their occupation of Barcelona, and this was considered Franco's greatest triumph during the last thirty months of the Spanish conflict. Following closely upon this news, Daladier declared to the world that Great Britain would stand with France against foreign intervention in Spain when the Civil War had ended. This show of strength was favorably regarded in financial circles, and it is hoped that Franco-British unity will finally triumph in its endeavors. These two countries are demanding nothing from anyone, but they intend to conserve intact their pratimony; and, in our opinion, these two nations will find means of preserving European peace.

London stocks were somewhat higher, and the same influence brought about some renewed confidence in New York, where it had been so badly needed yesterday. There are, of course, other factors which have been given less prominence that are partially responsiblefor the recession in stocks, although most attention has been centered around nervousness of European developments. There has been some letup in general business, and, of course, with the present tax setup, it is not easy, even in good times, for many old and well founded organizations to show big profits.

During 1938, according to a recent check-up, more than 20 million persons received checks from the government, and if this is multiplied by the size of a typical family of four persons, it would mean that over half the population of the United States has been deriving benefits from federal aid. When it is considered that, according to the last available figures, only 2,861,000 persons were paying federal income taxes, it leaves little doubt that the beneficiaries greatly outnumber the payers. There are no accurate figures yet for the amounts of money distributed last year to the AAA, but during 1937 checks were sent out to 3,744,000 farmers; and in addition to this there were also government checks for crop loans and other various items. In our opinion, it is not likely that there will be much saving effected in this direction, although economies elsewhere might take place in a small way.

As far as grain news was concerned, there was nothing of great importance; Liverpool closing prices were unchanged to 1/4¢ per bu higher. Combined Argentine and Australian shipments this week were slightly less than 5 million bu, which is not a very healthy contribution at this season of the year. However, there is the belief that the Argentine government will sell more freely, and if this is the case, it will be more reassuring for European importers, even though they have the knowledge that there is ample grain available this year for all purposes. According to Broomhall's estimate, remaining portable surplus is about 198 million bu compared with only 82 million bu a year ago; therefore, it stands to reason that the government authorities in charge will have to take advantage of markets in order to get more wheat into consumptive channels.

The inquiry from North America was rather slow; a small quantity of Manitoba wheat on the Pacific Coast was worked, and also a few parcels of hard winters at the Gulf, but volume was unimportant. The heaviest business probably during the week was that by Australia, although demand at the moment is somewhat more quiet. It is thought that Great Britain may have taken eight cargoes recently, very likely spurred on during the period of political uncertainty.

Political news was decidedly more reassuring; Italy stated her entire absence of hostile intention towards any nation, and while there will be several political speeches early next week, for the moment, at least, there is calm. The world will await with interest Chancellor Hitler's address before the Reichstag next Monday, and the following day there will be an important address by Premier Daladier of France, who will speak from Paris.

(OVER)

Primary receipts today were again small at only 366,000 bu versus 607,000 bu last week, and 367,000 bu last year. So far this week Kansas City, Duluth and Minneapolis stocks show a net decrease of 427,000 bu. We expect a fairly large decrease in the visible supply on Monday, which will compare with a shrinkage a year ago of 2,674,000 bu.

There was hardly any feature to our market, but pressure was light, and there is very little new hedging at this time. However, less evidence of additional flour business was also noted. Reports from the winter wheat area are somewhat more optimistic, particularly in Texas and Oklahoma. At the last May wheat showed an advance of 1/8¢ per bu. Speculative trade was at low ebb, and the number of open contracts is the lowest in some time --only 90 million bu being recorded.

Corn was very little changed. There is a fair movement from the country, but the demand at the moment is also slow, and little is heard of any fresh export trade.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 30, 1939.

The opening of our market was delayed 1 1/2 hours owing to the heavy snows and high drifts which tied up traffic, and prevented the grain trade from reaching the Board of Trade in time for the usual opening. Fortunately, the private wire service was about normal. We learned that there had also been good moisture in other parts of the country, principally throughout the State of Oklahoma, which received good rains anywhere from 1 to 2 inches. The Texas panhandle was benefited, although in a lighter degree, and some moisture occurred in Missouri and Kansas. But in the latter two States it was rather light, except for one or two districts.

Even before this news reached Europe, Liverpool quotations were lower influenced by heavier world shipments, and they finally registered declines of 1 to 1 1/2¢ per bu.

This week's shipments were the heaviest in some time, amounting to 12,619,000 bu compared with 11,529,000 bu last week, and 10,690,000 bu last year. The contribution from North America was substantial at 5,778,000 bu, but we shall not know until later in the week how this was divided between Canada and the United States. There have, of course, been heavy clearances from this side of the international line, as government sales are being filled. The amount of wheat on ocean passage is almost as large as the amount a year ago, with 35,600,000 bu afloat; a very large increase for the week, being slightly in excess of 5 million bu. We think the tendency will be to increase further, as shipments from the Southern Hemisphere are on the water for quite a long time.

The political outlook in Europe was reported as somewhat better, although nothing much can be said until Chancellor Hitler finishes his radio address later in the day.

It is still our opinion that the Argentine government must finally put its wheat upon the market in order to safeguard against secondary consequences if a withholding policy should be pursued. As far as Australia is concerned, their picture is somewhat better. On basis of probable production placed at 145 million bu, taking into account carryover stocks from which home requirements, including seed, etc. are deducted, and also allowing for shipments up to the present time, there is still about 88 million bu available for export and carryover. So even if the movement from that country becomes smaller there is apt to be some pressure for several weeks to come.

Our market held comparatively firm considering the declines in Europe, and improved moisture conditions over here. However, we still refrain from taking a bullish outlook realizing that during the past 25 weeks, or almost one-half of the present crop year, world shipments have totaled only 269 million bu. The world's exportable surplus for the year is estimated at 1,100 million bu. In other words, there has been shipped not much more than one-quarter of the surplus. This is not a particularly good showing, when cognizance is taken of the fact that Europe is building up extra supplies for war reserve. This is not true of England alone, where considerable publicity is given to the matter, but, according to Stanford University, Germany and Italy, since the Czechoslovakian crisis last September, have also piled up huge supplies. The accumulation, according to the report, was part of an uncompleted plan for storage reserves in anticipation of possible trouble later on. Heavy imports began when the war scare arose last fall, and wheat shipments to Europe through mid-January have been the largest in seven years, according to the survey by two authorities from that University.

Primary receipts today were somewhat better at 716,000 bu versus 692,000 bu last week, and 457,000 bu last year. When the visible supply was posted it showed a decrease of 2,385,000 bu, or somewhat smaller than the shrinkage a year ago; total stocks in various positions are 28 million bu greater than they were at this period in 1938. Chicago stocks of wheat decreased 191,000 bu to 9 1/2 million bu at the present time.

Corn was influenced early by lower wheat prices, but rallied slightly. There was not much speculative interest, and even with the poor export demand prices held firm, as new pressure was light, and a good many people are of the opinion that later on there will be a better demand for supplies at terminals.

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CHICAGO MERCANTILE EX.

CHICAGO January 31, 1939.

Hitler's speech yesterday was received with mingled feeling of apprehension on the one hand as to final demand that might be made by Germany, either for larger export trade, or for colonial expansion while on the other hand, relief was expressed that no immediate warlike aims were indicated. The tone of his talk was more conciliatory than that of previous speeches. Germany today does not have the inferiority complex of post-war days, and in fact, political leaders have spurred the people to the thought that she is a mighty nation, again able to stand with the other world powers. Despite adverse economic affairs, Berlin faces the immediate future with some degree of confidence, and Hitler sees no indication of a serious breakdown in the near future due to reckless financing or international ventures, which at one time were considered likely to stave off trouble at home. The speech was studied carefully from all quarters in an effort to find what support Hitler might possibly lend toward Italian demands, but it is fairly obvious that, while he may give some support to Italian demands for French territory, he will hesitate to endorse any direct challenge by Mussolini to the Franco-British alliance. On the whole, it was regarded as less militant than some had feared, with the result that his somewhat cautious steps gave encouragement of less hostile moves for the present.

The London stock market, which opens six hours earlier than ours, gave evidence of improved political feeling, and we in turn, responded to these developments with higher prices when the New York exchange opened. Likewise, Liverpool wheat prices heeded the supply and demand situation more, and at the close declines were registered of 3/4 to 1 3/8¢ per bu, with cash demand rather slow on expectations of large arrivals soon. The advances which had taken place in North America were almost entirely ignored, and with the political outlook somewhat clarified for the moment, demand was also less active. Our market took its cue from foreign prices, but was also influenced by the weather map, which suggested the possibility of moisture in the Southwest during the next 48 hours. There had been good relief in Oklahoma, parts of Texas, Kansas, and Nebraska, as we pointed out yesterday, but in the latter two states it was still regarded as insufficient; therefore, should rains or snows visit those areas they will be extremely beneficial.

There are no signs of any important Argentine wheat sales to Europe, but yet, with a total surplus of about 205 million bu indicated by the last production estimates, there are substantial quantities still to come forward, and ordinarily a large percentage is offered before the summer months, as at that time, competition increases greatly when first our wheat is available for export, and later on, the Canadian crop. Some had thought that possibly the delay in marketing this grain was due to some understanding with Italy or Germany, as these countries had been laying aside large amounts for war reserve, although to date there is no demand from those quarters for Plate wheat, and the recent takings by Germany have been largely of Danubian wheat, shipments being made now, yet the actual arrangements were made during previous months. Each day puts the Argentine government into possession of larger quantities of wheat. The farmer is selling quite liberally at prices above the international market, and with the crop nearly double that of a year ago, exports up to the present time are smaller than they were during the same period last year, with not much sold for future shipment. According to Mr. Broomhall, very little is being placed afloat on the speculation or hope that buyers will take the grain, but in spite of this fact, Liverpool prices are not very buoyant and new May wheat is quoted in Liverpool at only 62 5/8¢.

Primary receipts were moderately small at 403,000 bu versus 459,000 bu last week, and 239,000 bu last year. Kansas City, and Minneapolis stocks show a net decrease of 71,000 bu.

(OVER)

Trade was rather unimportant, although volume probably somewhat better than during yesterday's short session when less than 5 million bu of wheat were traded in the pit. At the last May wheat was 1¢ per bu lower, influenced by favorable weather indications, and lower foreign markets. There is very little spreading between various months, and many of the elevator concerns believe that a better carrying charge later on will develop.

Corn was lower, foreign demand is disappointing, and in the U. K. there is continued pressure of resellers, offers apparently being somewhat lower than the regular market. At the same time, the primary movement in this country is small, and there is no appreciable hedging to dislodge holders. Later on we expect some improvement, although temporarily a lower wheat market might cause some liquidation of corn futures.

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CHICAGO MERCANTILE EX.

CHICAGO February 1, 1939.

European political news went into the background to some extent today. It was expected that Mussolini might make use of the ccasion of the sixteenth anniversary of the founding of the militia o make a speech, but he reviewed the troops and remained silent.

The British Cabinet met to discuss the international situation n the light of Hitler's speech. This was the regular weekly meetng, but from reports nothing important transpired. A special session ill be held tomorrow to discuss defense armament, and there can be o doubt that Europe is spending huge sums for this purpose.

Liverpool quotations were somewhat higher, following the reent weakness, with closing prices 5/8 to 7/8¢ per bu up from the revious session. However, there were no indications of any important usiness from North America; offerings remained light, trade was dull, nd the undertone was steady.

With less political tension, traders looked at statistics and eneral grain news. Mr. Broomhall revised to some extent importers' equirements for the current season. He lowered the amounts for Europe by 4 million bu, although the estimate for non-European counries was raised 24 million bu; therefore, the totals for the year ill be 568 million bu compared with the earlier figure of 548 million u. This was hardly regarded as a market factor, since there is so much unsold wheat remaining in the surplus countries. Then, also, European production was large, so that there is no immediate hurry in securing supplies.

We find that the world visible is about 149 million bu greater than it was at this time in 1938. Outside of stocks on ocean passage, which are 2 million bu smaller than the previous season, every other point shows larger supplies. Canadian visible, for instance, is the most striking example, having 106 million bu more on hand now than a year ago. United States takes second place, with stocks 28 million bu greater. Up to the present time, world shipments of wheat and flour to Europe are 26 million bu more than they were the previous season, while shipments to ex-European countries are 11 million bu greater.

Sales of wheat made by the FSCC during December are now reflected in the export movement, and more than 3 million bu left the country last week, which is the second largest single week's shipment this season. Since the 1st of July, or for a period of thirty weeks, about 52 1/4 million bu of wheat and domestic flour have actually left these shores; but, of course, there is considerable business already contracted for where shipments have not been made.

The Canadian situation is improving, but on a rather small scale. Since August 1st, or for a period of twenty-six weeks, about 91 million bu have been exported. To dispose of all the surplus within the year, shipments should average 4 1/2 million bu per week, and this does not seem likely when it is considered that for the first half of the season, when competition was not very great, only 3 1/2 million bu were put afloat, which would leave an average of 5 1/2 million to be attained during the next six months. During the past six weeks, the average rate has been 2,400,000 bu a week.

There is no change in the attitude of the Argentine government as to policy. Port stocks are increasing, but only moderate shipments of wheat and flour are being made; therefore, a more aggressive spirit is necessary unless they want to end up the season with burdensome supplies. There has been some comment at various times of the dry weather in India, but whether or not this is exaggerated remains to be seen, as ordinarily when the soil is in poor condition, the acreage is cut, but the first estimate shows a 2 per cent increase compared with last season; therefore, feeling in that country is probably not too pessimistic.

(OVER)

Primary receipts today amounted to 422,000 bu versus 362,000 bu last week, and 273,000 last year. So far this week Kansas City and Minneapolis stocks decreased 259,000 bu.

There was really very little feature to our market. It opened firm and remained so throughout the session, influenced partly by higher foreign prices, and also some disappointment that there had not been more moisture in the Southwest. Fairly good snows were reported in parts of Nebraska, but Kansas had been skipped again, and the forecast is for mostly clear weather overnight. The government weekly crop report was rather mixed, claiming further improvement in the eastern half of the State, but little or no change elsewhere.

At the last prices were slightly better --May wheat closing 1/4¢ per bu higher. The Sante Fe report was more optimistic than the official, claiming that there had been notable improvement in crop prospects in most areas, with some territories appearing to be better than at this time a year ago.

The flour business, which last week had improved considerably, must have been slow today, as we saw little evidence of hedges being taken out of the market.

Corn was rather an uninteresting affair. There was little encouragement from Europe, and receipts were moderate, being about the same as last week, and not much less than last year.

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CHICAGO February 2, 1939

Great Britain took a step yesterday to revalue the gold oldings of the Bank of England to conform with present market values. nder the terms of the law, many things are possible, but it is be- ieved that the move was taken because of developments during the ast few months, during which period the pound sterling was under evere and continued pressure, and the gold reserve of Britain had een substantially reduced. It is also thought that if European pol- tical developments in the future put an added burden on the British overnment's finances, the way has been prepared now for a 100 mil- ion pound inflation of the note issue to relieve strain on government inances. There has been no marked change in sterling value in its elation to dollars, and probably no immediate effects will be noted, s the resulting gold profit accruing to the government will remain ith the Bank of England.

In international quarters yesterday, this move was regarded s one of the most important financial or monetary developments of ecent months, and it effectively disposes of any belief that ngland will move back to a substantially lower gold price. From this t appears probable that it will not be feasible for the United States o consider a downward revision of our gold price.

Favorable response in England to the decision to revalue old stocks imparted an improved tone to securities in London; this, n turn, was helpful over here as well. There was hardly any influ- nce, however, insofar as grain values were concerned, and Liverpool heat closed unchanged to a shade higher, influenced more by slightly igher offerings from Australia.

The export demand from North America was again extremely uiet. It was estimated that about 200,000 bu of Pacific Manitoba heat had been sold, but otherwise it was rather dull. Black sea hipments this week were slightly larger, at 1,608,000 bu, but very ittle of this comprised wheat from Russia. According to informed uarters, the latter country will not be very important for the bal- ance of the season. Estimated Argentine shipments were heavier, at 3,454,000 bu. This is the largest so far on the crop, and almost twice as large as the amount put afloat last week.

Many people are moderately bullish on wheat because of the price, but they seem to forget that while export wheat is very cheap, in reality there are two prices, namely, the export price and the consumption price. The consumption prices are not made by competition, for they are on a different level in every country, some being several times as high as others. They are, however, the prices to the users of wheat; therefore, these are the important prices, being influenced by consumption. Many of the deficient countries are loaded up with cheap Danubian wheat, as well as soft homegrown varieties, and it will be necessary right along to add the strong spring wheats to bring up the quality of the floor. This is the main encouragement as far as Canada is concerned, because up to the present time they have only cleared 91 million bu of wheat and flour, and after allowing for home needs they still have 183 1/2 million bu left for export and carryover compared with 59 million bu a year ago. However, their quality is superior to that of most other grades, and there is apt to be a fair demand for mixing and blending purposes. Formerly Canadian wheat enjoyed a 6¢ preference over us into England, because of the preferential tariff, but this is no longer the case; therefore, it has enabled our government to sell fair quantities of No. 1 dark hard wheat to British millers with smaller losses than would previously have been possible.

Private estimates have placed the current Indian crop at approximately 300 million bu compared with last year's record crop of 402 million bu. This, of course, would be a large reduction, although advices to Broomhall claimed widespread rains in some provinces which will be most welcome for the growing wheat..

(OVER)

Primary receipts today were 427,000 bu versus 490,000 bu last week and 290,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 489,000 bu. There was very little feature to our market; in fact, we believe the total volume of trade was about the same as yesterday when only 7,650,000 bu were transacted in all pits. This quantity was frequently handled by a single large commission house in former times. Temperature readings over the winter wheat belt were somewhat lower, but nothing abnormal for the time of the year, and in Amarillo they had some light moisture, which was beneficial. A party wired us from that point that he was quite optimistic on the Texas crop prospects. The map suggests that the Panhandle of that State may be further benefited.

At the last May wheat showed an advance of 1/8¢ a bu.

Corn was slightly higher, with very light trade. The market at Buenos Aires yesterday advanced after several days of weakness and the United Kingdom claimed a slightly better inquiry for Argentine parcels, but demand from here was still light. Domestic receipts are not particularly heavy, but apparently sufficient for the immediate demand.

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CHICAGO MERCANTILE EX.

CHICAGO February 3, 1939.

Overnight news was colorless and there has been no inspiration to invite new commitments in either direction. Without any sort of issue, naturally traders do not enter the market, and apparently, this is the reason for yesterday's extremely small trade, only four million bushelsof wheat having been transacted in the pit. It shows rather clearly that even cash business must be at a minimum, because if there were any hedges being placed in the market, or removed, we might expect that much volume without any speculative transactions at all. Moreover, we have a situation now where very few arbitrages are made between outside markets and Chicago, and nobody ventures very far on international spreads, because they remain a matter of great uncertainty due to the subsidies which various countries are granting in an effort to get wheat into export channels. It becomes more apparent each day that the government will attain its goal for shipping 100 million bu of wheat from the country, but the export subsidy program which was necessary to bring this about has tended more to depress international prices than to elevate values at home. Furthermore, the loan policy, which enabled cooperating farmers to receive a higher price than if they had placed their wheat upon the market has tied up close to 70 million bu, but even this factor was insufficient to lend much support in the way of improving our price level.

Apparently speculators know that the wheat is still available and some day will come back on the market in one form or another; therefore, the fact that it is not hedged at the present time makes very little difference to our price structure. The subsidy in this country has apparently failed to increase world consumption, and as we pointed out, the actual cheapness did not ultimately reach the consumer, but rather went into the coffers of European treasuries. However, it was somewhat embarrassing to the Canadians that we adopted the policy to force wheat, almost regardless of price, into export channels, because this was undoubtedly to a large extent at the expense of business which would otherwise have gone to Canada. Those who trade seem to be unusually well informed as to conditions surrounding the wheat market and are fully cognizant of the fact that despite a very large world disappearance this year, which may reach record proportions, the world carryover at the end of the season will also be increased in practically all positions, probably establishing a new high for all time, exceeding the large carryover of 1934. Some believe, of course, that improvement in the situation may come later on with smaller acreages sown in various countries, notably the United States, but it is too early to hope for much relief in that direction.

If the government is successful in persuading our spring wheat farmers to cut, the chances are we shall have a total of 16 million acres less planted than a year ago, and possibly the total for the world will be 20 million acres below 1938 sowings, or about 7%. We regard it as hardly likely that Argentina, Australia, or Canada will reduce very much, because with the fairly good prices farmers have been receiving they are not apt to plant less, particularly as there are no bounties being paid by those governments for securing acreage reductions.

Liverpool prices were unchanged to 1/8¢ a bu lower. Trade in that market is also extremely small, and cash demand in the U.K. was reported as being poor. The fact that larger Argentine shipments are expected shortly may tend to prevent sharp advances, although new May wheat is quoted currently at 63 1/4¢, and is extremely cheap when it is considered that this is wheat on which all charges have been paid, including various freights, etc., but as previously expressed, the fear of continued subsidies acts as a depressing influence. There is undoubtedly a certain amount of buying on the Continent for political reasons, rather than for actual consumptive demand, and at the end of the season we expect to see very large reserves --probably the heaviest will be in Germany, where considerable imports have been taking place for possible hazards at some future time.

(O V E R)

Primary receipts today were somewhat larger today at 568,000 bu versus 366,000 bu last week, and 290,000 last year. Kansas City, Minneapolis, and Duluth stocks show a net decrease of 555,000 bu. This indicates another fair-sized shrinkage in the visible supply on Monday, and will compare with last year's decrease of 3,068,000 bu.

Our market opened firm, partly in response to steady securities prices overnight, and the belief that Mussolini would not say very much in his address tomorrow to counteract the more peaceful political feeling which exists.

However, weakness in corn brought about some liquidation, and at the last May wheat showed a decline of 3/8¢ per bu.

There was no particular reason for the weakness in corn except that buying power is feeble, and there was very little absorption when selling orders came into the pit. The primary movement is just moderate, and there is no pressure of consequence from new arrivals; but on the other hand, demand is also extremely light and export business disappointingly small.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO February 6, 1939.

News over the week-end had little influence upon grain markets. World shipments this week were the largest in some time, amounting to 13,741,000 bu, which was an increase of nearly one million bu over the previous week, and compares with 10,868,000 bu last year. This had a slightly adverse effect upon Liverpool prices, which were 3/8¢ per bu lower at the close. Demand was also very slow in the U.K., despite the fact that two cargoes of Australian wheat were again sold to China, although possibly this checked the decline in European markets.

The government has just issued figures on the amounts of wheat held by merchant mills as of January 1st. We now have complete data of total stocks in various positions, which, as reported, amount to 656 million bu versus 533 million bu a year ago. This being the case, we have 123 million bu more on hand than in 1938. It is not surprising or significant in view of the fact that the crop and carryover last July amounted to 1,084 million bu, while the previous year there was only 956 million bu in those two positions. However, taking into account the amount of wheat exported during both years, we find that the domestic disappearance for the first six months of the crop was actually less than it was a year ago. We regard this as more important, because it shows that even with the low level of prices which has prevailed, no extra amounts have been consumed, Therefore, we may conclude that even with the government's export program likely finding fulfillment that we shall finally have a very large carryover next July --probably close to 300 million bu. If this occurs, it would be the largest in several years, and would compare with 154 million bu last July. The average for the years 1931 to 1934 was 335 million bu; and this was during and after the time that Farm Board accumulations were taking place. However, had the drought years not followed it might have prolonged the agony during that period.

It is rather difficult to come to any conclusion as to the approximate distribution of carryover stocks for Canada, Argentina, and Australia next summer. We say this because nobody knows to what degree artificial influences will be resorted to in each of those countries. In any event, it must be assumed that both Argentina and Canada will have very large surpluses, because Broomhall estimates that importers will take only 280 million bu during the last six months of the crop season, and it would be physically impossible for one single country to secure a very large export business except at the expense of another. Very likely Liverpool is fully cognizant of the situation, and prices remain more or less under pressure, with new May wheat quoted at only 62 5/8¢ per bu.

There is not much chance that subsidies will be withdrawn for at least several months; therefore, we see no great hope for enhancement of prices, even though they are extremely low. Of course, later on crop scares will be an influence, but it will probably take real damage to bring about sustained strength.

Primary receipts today were 661,000 bu compared with 716,000 bu last week, and 587,000 bu last year. The visible supply showed a fairly substantial decrease, the actual figure amounting to 3,215,000 bu; and we now find that stocks in all positions, while reduced under the 100 million bushel mark, are still about 28 million bu greater than they were in 1938. Chicago stocks showed a shrinkage of 254,000 bu, and there is now 9 1/4 million bu locally held.

There was extremely little feature to the market today; some liquidation took place early, and with corn prices making new lows on the present turn discouragement set in. However, there was not a great deal of change, and at the last May wheat was 1/4¢ per bu lower than the previous close.

News surrounding the corn market was about the same as heretofore; receipts, if anything, were somewhat smaller, but shipments from terminals also were extremely light, and with no export business on the horizon there seemed no immediate incentives for making purchases.

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CHICAGO MERCANTILE EX.

CHICAGO February 7, 1939

The sluggishness in the markets for basic commodities continues to be one of the important elements in the business situation. It is very seldom that we have real recovery or a boom without help from commodities and, therefore, a great many people are watching this factor to see if there is any inspiration. It is sometimes a fact that because an article is low in price buyers are attracted, and this has been going on in wheat for several months; but apparently with a large carryover in sight not only in this country, but for the world, there has been little to genuinely boost prices and to that extent, traders have been disappointed. Apparently, the real users of wheat are adequately supplied, at least for the time being, and the fact that nobody can see very far ahead, even though expectations of more optimism later, brings about a situation where processors are unwilling to take unnecessary risks in their buying operations.

This seems to be a reasonable and practical policy, in view of the abundant supplies in various positions. While it may not augur any particular bullishness for the moment, it also creates a situation free of the dangers of overexpanded inventories and commitments. As it affedts trade, it keeps prices in a rut and this also has occurred for several months now, volume of transactions being at low ebb. There was some improvement yesterday, but only 6 1/2 million bu wheat changed hands. If Europe were in a better frame of mind, it might be helpful here, but new May wheat at Liverpool closed at 62 1/2¢, so this lends no particular encouragement. Nearby deliveries were actually weaker than the distant months, closing about 3/4¢ lower, and demand in Europe is extremely slow because importers apparently recognize that whenever they need large quantities they will be available from surplus countries. Therefore, purchases are being made on a more or less hand-to-mouth basis. This may finally have its effect upon the exporting nations, although up to the present time Argentina and Canada have been pursuing a most leisurely policy in handling their problem.

Today Australian offerings were slightly lower and this flattened out any possible demand for North American grain, aside from two cargoes of Pacific winters that were moved to Vladivostok. However, we do not include that in the usual category, because undoubtedly the subsidy was made sufficiently attractive to induce the buyers to purchase; moreover, Northern Russia takes a certain amount of wheat almost every year from outside sources, as economically it works out more advantageously than if the wheat were shipped at large expense from southern sections. In times past there was excitement occasionally when Vladivostok made these purchases, but once their requirements are satisfied, they are forgotten for many months to come, and sometimes for the balance of the season.

Floating stocks to Europe have been constantly increasing and amount to nearly 40 million bu, which is rather reassuring to the European buyer. The increase is about 16 1/2 million bu over the previous month, and with their ability to get grain without stretching out, it prevents apprehensive buying. The Canadian visible supply is decreasing but slowly, and now amounts to 156 million bu compared with only 52 million for the same period in 1938. Our market this morning was influenced by small liquidating orders, and also, further declines in corn; when this occurred new buyers could only be found at recessions. The movement from the country is not heavy; in fact, there is no particular pressure from that source. Today's receipts were only 355,000 bu, compared with 403,000 bu last week and 277,000 last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 100,000 bu. It may be that new export business from now on will be smaller as it is generally felt that the FSCC transactions are fairly well complete. If this is the case, then it may be that our market will show more of a true relationship with Winnipeg than heretofore. International spreads have not been particularly attractive, although Canadian wheat, with its fine quality, appears cheap under normal conditions when compared with prices in Chicago.

At the last our May wheat showed a decline of 1/4¢.

Corn, as stated above, was under some liquidating pressure and there is talk that consumption on the farms might be smaller than usual because of comparatively mild weather, and also, due to the high loan price which made farmers more conservative in their operations.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 8, 1939.

There was nothing in the overnight news to stir the imagination of grain traders. There is a fair domestic flour business going on at various times, but with large supplies in the country wheat is obtainable without creating much excitement in the market, and even with the low prices prevailing, purchases are not being made too far in advance. The same holds true in Europe --fair arrivals of grain are sufficient for consumptive needs, and European demand is generally reported as quiet, futures not indicating much interest in either direction. Quotations were quite indifferent this morning, one or two months being higher, others lower, but new May wheat is still selling for about 63¢, largely influenced by subsidies in various countries. It does not seem that there could be much sentiment favoring immediately higher prices as long as this exists.

However, so far as the Liverpool market is concerned, it is fortunate that not too much pressure is exerted by either Argentina or Australia; otherwise, their price level might be even lower. Then, too, all of the wheat being imported into the U. K. is not for consumptive purposes, because ten cargoes during the past month, possibly more, were purchased for security stocks, and, therefore, these arrivals did not have to be hedged. Neither Argentina nor Australia has shipped as much wheat or flour since January 1st as a year ago, although in the case of Australia this is quite understandable, as the crop was smaller by about 45 million bu. However, it was a different situation with Argentine wheat, in that the government authorities did not press supplies upon the market, and possibly they figured that after some of the F SCC business had been completed they might have a better chance. Australia continues to experience a good and rather unexpected demand for flour in North China, and in addition to this there have been fair shipments of wheat made to India, because of the drought which had prevailed in that country. Australian millers will probably be fully employed for another two months completing flour sales to China, and this Oriental trade has been very fortunate, as otherwise, more wheat might have pressed on British and Continental markets.

Traders here were somewhat concerned because of low temperatures in the Southwest, but it must be remembered that this is really the first cold spell of the season, and it is certainly not abnormal to have zero weather during the month of February. Were it not for this we should have very little winter killing or abandonment, and furthermore, if map readers are correct, there may be fairly good snows tonight or tomorrow in some of these sections, which, of course, would act as protection to the plant. From sources which we regard as reliable, we learn the temperatures are probably not low enough to do much harm, although in Kansas there is very little snow covering on the ground.

During the session, Broomhall reported there had been further widespread rains in India, which would assist the growing wheat crop, and that conditions had already become more favorable since the earlier moisture which occurred around the end of January. There can be no doubt as to the fact that world supplies will remain plentiful for the balance of this season, and large carryovers are practically assured for most of the surplus countries; therefore, if there is to be any improvement in price later on, it must come from news of the growing crops and this will gradually attract more attention. Should we get seasonal scares, or actual damage, it is likely that new buying will develop in July and September deliveries, and we would, therefore look for widening of the carrying charge between May wheat and new crop months, if that occurs.

While little is being said about crop conditions in Europe, they did have unfavorable weather earlier in the winter, and very likely crops harvested in 1939 will be smaller than the bountiful returns of last season.

Primary receipts today were small, amounting to only 340,000 bu versus 422,000 bu last week, and 287,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 371,000 bu.

After one of the dullest sessions May wheat closed 1/2¢ per bu higher.

Corn was influenced by the stronger undertone in wheat; recent liquidation has been fairly thorough, and receipts to market are rather small.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 9, 1939.

In looking back over a period of three or four months, we find that the wheat market has hardly done anything --fluctuations were more or less of a minor character. For instance, in the middle of September, when we were faced with a war crisis, May wheat sold for 67¢, and at the beginning of 1939, the price was 68 1/2¢, so at the present time, we are between those two points. Certainly affairs of the greatest importance, both politically and economically, were discussed and watched and many decisions had to be made by the leading nations of the world. Security prices may have been somewhat more influenced, but certainly there was more or less stagnation surrounding the wheat market. In the past, fears of war or hopes of peace increased expenditures, or greater economies had an immediate effect on values, but speculation has either been so discouraged or hampered that at the present time it no longer fulfills its entire function in anticipating probable future events. Whether or not this will be permanent, or at least for a longer period, remains to be seen, but so far as grain trade is concerned, the many regulations, plus high taxes and the disinclination of rich men to take any speculative chances, fearing that finally the government would take away a large percentage of profits in taxes, may prevent, in our opinion, as big and broad a market as we have had in the past.

Because it would be monotonous to our readers, we shall not call attention to the small volume of trade each day, but it might be well to call attention to the fact that when there are too many traders on one side of the market, often prices do not respond according to their wishes. By this we mean that a good part of the hedged wheat is owned by longs, many of whom bought futures because of the fact that the price seemed low. However, they had additional company, because several governments in countries where surpluses had been raised, were also on the bull side of the market and many of them are still in the same position. In Canada, the Wheat Board paid 80¢ to the farmer for his grain at Fort William and Port Arthur, with the result that the Canadian government is long wheat.

In the Argentine the government was not quite so bullish but they guaranteed the farmer 59¢, and as a result, they are handling the largest percentage of the crop and would very likely welcome an opportunity to sell to Europe, if there were minor upturns, as this would cut down their prospective losses. Our government virtually committed itself to export 100 million bu of wheat, and, therefore, will probably have to sell some minor quantities before the end of the season, so for all practical purposes they are also on the bull side of the market, but yet nothing happens. Just to what extent these various measures have prevented sharp breaks is problematical, but the secondary consequences are still with us and these, we believe, will become more important as time goes on.

The extreme cold spell which had been looked for in our country failed to materialize, and in fact a good many areas received snow, many of them in Kansas, Nebraska, and Iowa, with the forecast for more moisture. When this news was cabled to Europe, it brought about partial declines, although nothing important.

Black sea shipments this week are a trifle larger --1,808,000 bu, but clearances from the Argentine are very disappointing, and they have dropped to only 2,315,000 bu, or about the same as was shipped last year. Foreign demand for North American grain is extremely dull, and we are not getting much encouragement from that source. At times the trade is influenced because of a good or poor milling demand, but over a period of time it is rather uniform. For instance, to show how this works, during the first six months of the crop year, 248 million bu of wheat were ground into flour, compared with 242 million bu the year before, and exports, on basis of wheat, were about 4 million bu larger than in 1937, so that the conclusion reached is that we are going along on an even keel.

(O V E R)

Primary receipts were 410,000 bu versus 427,000 bu last week, and 404,000 last year. So far this week stocks at Kansas City and Minneapolis have decreased 542,000 bu.

Liquidation appeared after the opening, possibly due to the fact that temperatures had not dropped as low as some forecasters had figured; also the moisture was very welcome, and corn weakened further, all of which was discouraging to the bullish element. At the last May wheat showed a decline of 1 1/8¢ per bu.

Corn was under pressure, Argentine prices were considerably lower, and naturally the export demand is almost entirely lacking. New buyers were rather difficult to find; it seems that this is true for all commodities in general, and, therefore, a sluggish market was encountered, with volume of trade rather light.

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CHICAGO MERCANTILE EX.

CHICAGO February 10, 1939.

It was reported this morning that Secretary Wallace had refused to endorse the price-fixing farm bill. This is rather encouraging news, because experience has proved in the past that price-fixing was [illegible] economically unsound and finally disastrous.

At this stage of the game it is well to take stock of what has happened, as we believe that further reform measures will only be adopted slowly. Every business man, and in fact, everyone who owns anything or has to make a living, must be in sympathy with the administration's aims and wishes to help agriculture as much as possible and see at least a reasonably high price for everything that is raised on the farm. Whenever the farmer is not prosperous, everybody else suffers directly or indirectly. However, this does not mean, nor is there any justification for thinking, that certain farm products should sell at as high a level in years of plentiful yields as in years of calamity; therefore, the price level of every commodity is determined to a large extent by the supply and demand of that particular article.

There have been at various times exceptions of certain commodities to the general index. Even during the war, when there was a continual rising tendency for everything and some products advanced as much as 300 to 400 per cent, coffee prices were extremely low, and could not be lifted for the reason that Germany and Austria, which are large consumers in ordinary years, could not obtain same; thus a surplus was created which could only be marketed at a sacrifice. There have been any number of experiments recently tried to help commodity prices. It was thought in 1933 that if gold were advanced from the old statutory level of $20.67 per ounce to $35, this would do the trick; but we now find that gold has advanced more than any other commodity simply because our government decided to pay that price. It was also considered that pump-priming would be helpful, even if this entailed larger budgetary expenditures. Our total debt is close to 40 billion now compared to about $37 5/8 billion last year and $34 1/2 billion two years ago. The President has recently sent to Congress a new budget which calls for $3,326,000,000 more borrowed money, making a total of about $28 billion for ten years of pump-priming. For nine years our government has been pouring borrowed money into the barrel of our nation's economic pump. Those pump valves must certainly be drenched by now, and it is pertinent to ask why the pump is not raising water from the bottom of the well.

The subsidies which various exporting nations have adopted have also failed in their purpose, because they have not increased to any large extent consumption in the deficiency countries. We believe that the answer is to be found primarily in the fact that large crops have been raised and under-consumption is taking place in Europe. At the end of this season we shall have a carryover of about 285 million bu on basis of known facts, and this would compare with other years as follows:

1923-27 average	118 million bu	1933	382 million bu
1928	115	1934	274
1929	232	1935	148
1930	294	1936	138
1931	329	1937	83
1932	391	1938	154

This means that with the extra reserve stock which we shall have to carry over next July it will be a partial offset even granting that next year's crop will be considerably smaller than the present one.

Primary receipts were rather small today --only 303,000 bu versus 568,000 bu last week, and 432,000 bu last year. So far this week Kansas City, Duluth, and Minneapolis stocks show a net decrease of 470,000 bu. This suggests a fair decrease in the visible supply on Tuesday, and will compare with a shrinkage a year ago of 4,310,000 bu.

At the last changes from the previous close were rather small. Early strength came as a result of colder weather, and some disappointment that moisture had not been heavier, but weakness in corn acted as a depressing influence.

The yellow cereal was again liquidated by disappointed holders, foreign demand has not been as expected, and while receipts are not heavy, shipments from terminals are also very light at this time.

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CHICAGO MERCANTILE EX.

CHICAGO February 14, 1939.

Agriculture has come to be regarded as a sheltered industry in almost every country. Early experiments were in countries that normally imported but wanted to save domestic farmers from low or ruinous prices. As the domestic price gradually crept up it meant a smaller consumption and this, in turn, affected the surplus nations who have resorted to subsidies. Certainly no one could have any objection to occasional, or incidental, activities in an effort to help the farmer, but for a period of six years or more, during these various undertakings,none of the governments of the world have been able to act in concert , nor have they been able to effect any permanent relief for acute prices which they claimed had arisen. During certain periods of new desperation, they even talked of price fixing, forgetful of the aftermath and final disaster which occurred in countries where that type of thing had been used in order to help one or more of a series of commodities.

We used to look with askance at various European countries which undertook to prescribe milling quotas and to control foreign exchange as an aid to commodities. We also looked with displeasure upon export dumping plans which were used by Poland when rye was shipped from that country, but yet, we have a combination in the world today of practically all of these systems, and probably never before in history have there been so many and such extreme interferences with wheat trading.

At the present time our market is influenced very little by day-to-day news. We have been trading in wheat at this level for many months now and probably the next event will be the winter wheat scares at the end of this month. There has been a great deal of stress upon the reduction in acreage from last year --probably 11 million acres less were sown, but it must not be forgotten that what occurred in 1937 and 1938 was rather the exception. In looking over the period from 1928 to 1936 inclusive, we find that the average winter planting was 45,790,000 acres. This is just slightly less than the amount sown in the fall of 1938, and while in certain sections the plant did not get off to a very good start, history has shown us that wheat is very hardy, and there is still the possibility that we shall have average yields next summer. Last year's harvest was only moderate, considering that about 57 million acres had been planted, but yet, with the reduction of about 11 million acres, one must assume that under the same conditions our yields would be reduced anywhere from 120 to 140 million bu, because of less land being under cultivation.

One cannot be too sure of the actual amount of winter killing until a later period when we shall know whether the intermittent thawing and freezing has done any harm, although recently those who have made field examinations were rather optimistic in their findings. On the whole, we would say that the indications are for a much smaller abandonment loss percentagewise than in some of the recent years, although we still have several weeks of winter weather before us. There was not much precipitation over the holiday, although some moisture is likely in Missouri and Nebraska during the next 24 hours. The weekly grain report of the United States Department of Agriculture claims that prospects for winter wheat have improved, as a result of moisture over important areas. They go on to say that the crop remained in fair-to-good condition in the eastern part of the belt and was improving steadily in the Southwest, especially from Oklahoma southward. Some improvement was also reported in Southeast Kansas, but the soil was still very dry in western portions of that State; also, in sections of Nebraska. Crops in the Rocky Mountain section were protected by snow, and conditions in the Pacific Northwest were most favorable.

(OVER)

When the visible supply of wheat was posted, it showed a decrease of 3,234,000 bu, and the total now is slightly in excess of 94 million bu, which is 29 million bu greater than a year ago. Chicago stocks showed a fairly large shrinkage --374,000 bu, but there is still close to nine million bu locally held, and we have found in the past that often the time between now and May passes quickly; therefore, we regard it as likely that reserves will be sufficient for this market when it comes time for tenders.

Primary receipts today were 504,000 bu compared with 355,000 bu last week, and 362,000 bu last year. There was not a great deal of activity here; foreign markets during our holiday were firm and further strength was displayed in Winnipeg today, our market advancing fractionally, and at the last May wheat was 1/4¢ per bu higher. There is more interest in the buying of Winnipeg futures against sales here, and this type of operation today was responsible at times in preventing much buoyancy here.

Corn remained indifferent. The primary movement over the holiday was large, exceeding that of last week and also of last year. Farmers are still placing supplies in cribs to obtain loans, and as of February 9th, 143 million bu were so tied up. However, export demand is lacking and some liquidation of long lines is still in progress, although strength in lard lent encouragement.

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CHICAGO MERCANTILE EX.

CHICAGO February 15, 1939.

There was again very little in the news, either financially or politically. However, evidence is accumulating to indicate that the present Congress is more independent-minded, and this is somewhat encouraging. The greatest help that the government could render woold be to remove the restrictive measures that now impede private business, and private financing, especially in the tax field. There are a great many businessmen who conscientiously study their problems, but who are required to spend a good deal of time finding out how tax measures affect them, and very often are discouraged from engaging in new enterprises. We hope that some day legislators will come to the realization that some of our most prosperous eras occurred when we repealed poor laws, instead of trying to enact new ones.

There is no indication that this is in sight for the immediate future, particularly as we read the daily news-papers and learn that continued expansion is taking place in government offices at Washington, with the number of employes in that city, outside of the military, legislative, and judicial branches, at an all-time high, even exceeding the war-time peak. The extent to which this expansion has taken place is evidenced by the fact that despite the many new government buildings, office space is still so scarce that the government has taken over hotels, apartment houses, warehouses, office buildings, etc., and once these various new bureaus are created, it may take a long time before they are finally dissolved. In spite of all this, business is doing its utmost to go ahead and is trying to keep the wheels of industry in motion.

It was announced yesterday that the Department of Agriculture would divide $212 million among various farmers of the country on their price adjustment program. The wheat farmer is to receive about 11¢ a bu, the corn farmer about 6¢, etc.. This is all on the assumption that they are complying with the reduction program, and this money would be in addition to the 1/2 billion dollar soil conservation fund which goes to cooperating producers, who have already received 17¢ a bu on wheat, and 9¢ on corn. It can thus be seen that with these combined bounties compliance is almost necessary, as it pays much better than if the farmer tries to go along independently.

While this may tide over agriculture during periods when prices are low, it does not find an ultimate solution, and the best example of this is in our cotton export sales which have fallen to the low level of the 1880's. By advertising to the world that we would raise less, other countries have apparently taken up the slack, and we are just wondering what this will all mean if some day we want to utilize our soil as we did in the past, because we shall undoubtedly find that our export outlets have been tendered to other nations. Authorities on foreign trade estimate that unless there is some change in the government's cotton policies, exports for the full season may amount to only four million bales, which would be a very poor showing. Some people are already cognizant of what this will finally spell for our country, and this knowledge has prompted certain members of Congress to propose legislation which would release a portion of the 11 million bale stock of cotton now pledged by growers under government loan. This might mean lower prices for a time, but in the end might restore us to a more favorable position in world competition.

So far as the wheat market is concerned, there is not much statistical change from one session to another. Argentina, through its artificial maneuvers, is preventing large shipments to Europe, in spite of a record crop. During the first six weeks of the calendar year, shipments have averaged only slightly over two million bu per week, and this is well below the ten-year average. Port stocks are increasing sharply and it is almost a foregone conclusion that they will wind up with a burdensome surplus.

(OVER)

In Canada there is some encouragement because country marketings have fallen off. This is generally the case during the severe winter months. However, there may not be over 26 million bu left on farms, and from that point of view, new pressure should not be important from this date onward. The one country to which most exporting nations look for help is Great Britain, as about half of the European imports are taken by that one nation. However, since last August, England has imported 11 million bu more wheat than last year and 3/4 million bu less flour; therefore, we doubt whether English trade will improve very much, despite the low prices now obtaining at Liverpool, and we rather anticipate continued hand-to-mouth buying.

Primary receipts today amounted to 450,000 bu versus 340,000 bu last week, and 415,000 bu last year. There was very little feature to our market. Weather over most of the winter wheat belt was dry, but no severe temperatures reported anywhere, nor are any forecast. At the last May wheat was unchanged.

Corn was strong at times, possibly in sympathy with the higher market in the Argentine, but there is no export business from this country, and no speculative interest of importance. Trade continues light and rather featureless.

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CHICAGO MERCANTILE EX.

CHICAGO February 16, 1939.

Economic science has no special laws for wheat; those which apply to wheat will have the same effect on cotton, oats, barley, rye, corn, etc. Various attempts at artificial planning have borne out the truth of this statement, and finally after other measures failed and when international conferences proved ineffective, great reductions in acreages were sought for the United States, the theory being that we could become more or less independent within our own borders. We fear, however, that in the final analysis if carried through it will bring about a high cost of living, while other countries will increase production and exports at our expense. To be really consistent, any sincere efforts to restrict production to lands should be accompanied also by a cessation in the building of new railways, highways, canals, and almost all of the other improvements which might open to agricultural developments new and large areas, which previously had been little inhabited. In other words, there would be no reason for cutting acreage on the one hand, while scientifically improving seed or using better fertilizer to have larger yields, if it is the intent and purpose that only small crops should be raised. From an international point of view, there are so many interests involved that we have never felt as though any of the wheat conferences could bring about the desired results.

One of the greatest difficulties standing in the way of an enduring success in any such international agreements to limit wheat production is the fact that the greater number of the major export countries are debtor nations. Frequently, unless they are able to sell their exportable wheat surpluses, they have no other way of providing for their debts, either public or private. Any substantial limitation of their wheat exports would, therefore, bring dangerous consequences to their credit or to their budgets.

There was very little in the way of overnight news to influence our market, except that rains were reported in India, ranging from light to good, and rather wide-spread, with more promised. It was also thought that considerable recuperation is likely, despite the earlier dry spell. In our own country, some map readers were optimistic that moisture might occur in parts of the Southwest during the next 24 hours, although the official forecast was not hopeful. At any rate, a number of good snows were reported during the session in parts of Kansas and Nebraska, and these were regarded as beneficial. However, they had very little effect marketwise, and had it not been for heavy selling, attributed to large export houses, our market might have remained rather firm. This selling just referred to has the trade somewhat puzzled, as it is not considered likely, being on such a heavy scale, that it would consist of arbitrage between here and other markets, but rather it might be the placing of hedges against Argentine wheat, or possibly against purchases made from our government.

Liverpool closed with very little change, although the nearby delivery was slightly lower.

Black sea shipments are considerably smaller this week, at 928,000 bu compared with 1,808,000 bu last week, but only 504,000 bu last year. From the Argentine, it is estimated that 2,866,000 bu were placed afloat. This is slightly better than for the previous weeks, although still less than a year ago when the crop was a good deal smaller.

(OVER)

Here, also, it is difficult to account for the great indifference on part of the Argentine government, except that they probably do not recognize the implications of artificially withholding surpluses for a long period from export markets. The Department of Commerce reported United States wheat exports of over 3 million bu this past week versus only 2,138,000 bu the week earlier. This may be due to heavy shipments from the Pacific coast, as there were sales recently to Vladivostok, but in any case it is undoubtedly a continuation of subsidized business. There was very little activity reported overnight in export circles, and the demand generally for North American grain was flat.

Primary receipts today were small, at only 332,000 bu against 410,000 bu last week, and 425,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 345,000 bu.

Trade in general remains extremely dull, and yesterday less than 8 million bu of all grains were handled on the Chicago Board of Trade. At the last May wheat was 1/8¢ per bu lower.

Corn was weak early, but firmed considerably toward the close. There was a report that the remaining small surplus in Argentina was of poor quality, and this created the belief that there might be a better export demand from the United States. Trade was small, and it took but little buying to boost prices.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

February 17, 1939.

It is not pure accident that history has recorded some of the sharpest price declines due to governmental intervention, when artificial means were attempted to prevent normal laws of supply and demand from functioning. It is not necessary to review here the Cuban sugar equalization plan, nor the Brazilian coffee valorization scheme. We all know the sad consequences of England's attempt to stabilize rubber prices, and the more recent attempt of the Farm Board to prevent wheat declines. Just today news came to us from Ottawa that the Minister of Agriculture announced in the House of Commons that the minimum price method of paying bonuses to wheat growers would be discontinued next August. This is another experiment which was rather costly to the Canadian government, probably taking $48 million from the Dominion Treasury during this crop season. In other words, it cost every man, woman, and child about $4 each in order that the farmer might receive 80¢ a bushel for his wheat at Fort William, or Port Arthur for the very highest grade of wheat.

Very often political attempts which may appear right in theory, have their secondary consequences. It is not difficult to understand why the experienced businessman has a natural fear of any artificial scheme for price fixing. In the case of the Canadian experiment the price fixing was all one-sided. It established a minimum price that the farmer was to receive, but could not dictate the price that foreigners should pay for the grain. In actual practice, the European importer bided his time, because he recognized that every bushel of wheat which the Canadian government had purchased was at a loss, and that probably, as in the case of speculators, more nervousness might develop if the price declined. It is true that wheat was not thrown recklessly upon the world's markets, but on the other hand, foreign buyers acted very cautiously and the losses were apparently too strenuous for a country with a small population; therefore, itshall not be repeated.

The very threat of substituting political laws for economic laws has a certain horror for us all, but yet, we doubt whether all the governments have learned their lesson, despite costly experiments. It is figured that the Control Board in Argentina had sold only about 13 million bu of wheat up to February 1st, and in the case of European sales, losses amounted to about 20%. This in itself does not tell the full story, because their experiment is not completed. With the export demand rather sluggish, interior supplies are accumulating rapidly, and it is stated that wheat is flowing freely from the farms to the ports, especially in the northern districts. There is a good deal of wheat stored on farms and at railroad stations in order to stem the flow to limited accommodations at river ports. The grain board is believed to have possession of more than 110 million bu, or over half of the exportable surplus. A recent message from the Argentine stated that the South Buenos Aires port is crammed with wheat, and that even the roads leading to the port have wheat stacked on all the waste lots of land within a two mile radius.

There is no doubt in our mind that finally these artificial influences must be removed in order to restore that country to her former export position. In the past, no great losses were incurred because at the end of any one crop season, wheat was pretty well cleaned up and no burdensome supplies had to be carried into the next crop.

Southern Hemisphere shipments exceeded six million bu this week, and this, together with further rains in India, created general indifference at Liverpool, where closing quotations were about unchanged. In spite of the poor crop that was raised this year in Australia (possibly 45 million bu smaller than the previous one) there is still a fair amount of wheat for export, the present surplus being estimated at 71 million bu, compared with 89 million bu a year ago, or a reduction of approximately 18 million bu.

Primary receipts today were again small, at 256,000 bu compared with 303,000 bu last week, and 333,000 last year. Kansas City, Duluth, and Minneapolis stocks show a net decrease of 402,000 bu so far this week. We expect another fair shrinkage in the visible on Monday, which will compare with last year'sdecrease of 2,393,000 bu.

(O V E R)

Trade was extremely dull, but the market was firm, partly in sympathy with higher prices at Winnipeg, and also because of a better tone in corn early in the session. At the last May wheat was 1/8¢ per bu higher.

The yellow cereal advanced early, but there was apparently no important short covering, as was the case yesterday. Primary receipts are small, but the demand both domestic and foreign was extremely quiet.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COFFEE AND SUGAR EX.
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141 W. JACKSON BLVD.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 20, 1939.

Pressure upon world's markets is very light at the moment. At this season of the year, Argentine shipments are generally heavy, but despite the fact that they raised a crop of close to 320 million bu, exports up to this time have been exceptionally light --probably not over 16 million bu, or at the rate of about 2 1/4 million bu a week. On this basis, of course, they are bound to have a burdensome carryover, because with the present surplus of about 212 million bu, they could afford to ship around 4 3/4 million bu each week, but there seems little likelihood that this will be done. We also have the Canadian situation; officials have explained that they would not throw wheat ruthlessly upon the market because they doubted whether this would enable them to sell larger quantities, and since August 1st, only 96 million bu wheat and flour have been cleared, still leaving a balance for export and carryover of approximately 178 million bu compared with only 55 million bu last season.

In spite of all this, Europe seems to be getting along very nicely, and is buying on a hand-to-mouth basis. Since last August, world shipments have averaged slightly over 11 million bu a week, and with total requirements, as estimated by Mr. Broomhall, of 568 million bu, it means that during the remaining 24 weeks only 10,808,000 bu must be shipped each week to take care of import needs. This past week world shipments were 11,609,000 bu compared with 13,046,000 bu a week earlier, and 12,640,000 bu last year. However, the quantities on ocean passage increased, and now amount to more than 40 million bu, which is almost as much as was afloat in 1938.

It is rather difficult to explain the psychology of the Argentine control board. The chances are that their total holdings are close to 150 million bu, judging from recent reports. Receipts everywhere have been tremendous and supplies are increasing at ocean ports, as well as interior elevators, so that the physical handling of grain may become a problem, unless shipments from that country improve.

Our market paid very little attention either to routine or to statistical news. Liverpool quotations were somewhat mixed, although most futures declined fractionally, and there was certainly no alarm over political events. However, the sentiment on this side was less quiet owing to President Roosevelt's reference to the European situation. He is reported to have stated that his vacation might have to be cut short if foreign developments necessitated his return to Washington. Dealers and operators in London did not know just what significance to place on this statement, although it dampened otherwise optimistic sentiment. London stocks were somewhat lower this morning before American markets opened.

While there was no particular war scare here, the trade was on the buying side as soon as our market opened, and offerings were very light; therefore, advances were accomplished on rather small transactions. There had been fairly good moisture over parts of the Southwest, but it was not particularly heavy in any section; however, it was rather widespread and was certainly beneficial, particularly as it preceded lower temperatures.

During the session more snows were reported, and on the whole weather must be considered as much more favorable.

When the visible supply of wheat was posted it showed a decrease of 1,717,000 bu, with total stocks 92 1/2 million bu, or about 30 million bu larger than they were in 1938. Primary receipts were just fair at 471,000 bu. There can be no comparison with last week when there was a holiday, but a year ago they were 381,000 bu. Chicago stocks decreased rather heavily --247,000 bu; there is at the present time 8,632,000 bu locally held.

Best prices of the day were not maintained, and there was no particular outside buying of consequence. At the last May wheat showed an advance of 1/2¢ per bu since Saturday.

Corn was influenced by the stronger undertone in wheat, and also by a report that there has been a light frost in the Argentine. However, the volume of trade was unimportant, but probably a little bit better than on Saturday, when less than 2 million bu were transacted in the pit.

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CHICAGO MERCANTILE EX.

CHICAGO February 21, 1939.

Political news had little or no influence at Liverpool yesterday, and still less this morning. Futures there were unchanged to 1¢ per bu lower; the nearby delivery suffering the most decline, with Australian cargoes arriving and apparently being hedged. London securities were quoted higher, and we believe that the vigorous defense policy of Britain is affording more assurance for permanent peace. The Chancellor of the Exchequer spoke of doubling the government's arms program, and the five-year plan will involve expenditures of $4 billion as compared with an anticipated spending of $2 billion. He described the huge expenditure for war preparations as "horrible", but boasted that financially Great Britain would be able to stand the strain better than the dictator nations.

There was also greater calm here, and wheat prices were about unchanged at the opening of our session. There had been satisfactory precipitation, mostly in the form of snow, in the central states, and in the Southwest. Our weather man seems to think that Kansas has a snow covering ranging from 2 to 5 inches, and this is very beneficial, particularly as low temperatures prevail in many sections, but a fairly substantial snow blanket should protect the plant. Nothing better could be wished for by those who think large crops are a benefit to this country, and we think that the average farmer prefers it even though it might mean somewhat lower prices.

We feel that it is taking a conservative view to assume that our wheat crop this coming season will be sufficiently large to take care of all domestic requirements. To this must be added the carryover of nearly 300 million bu, and even assuming that a similar export program would be entered into for the 1939-40 season by the shipments of 100 million bu of wheat to importing countries, it would still leave us with ample supplies for the following year, and even a larger carryover than is normally required. Of course, these considerations must be supplemented by the size of crops in other parts of the world, but, as yet, we see no inclination for exporting countries to curtail acreages drastically; and with the large amounts that will be carried over in Argentina and in Canada, even some reductions would not be serious.

At least for the time being, there is no great demand on part of Europe for supplies --in fact, some countries are reporting much heavier reserves than ordinarily. In Germany, for instance, an official statement tells us that the bread supply for the current year could nearly be satisfied from the amounts now on hand. Stocks of bread grain at the end of January were about 164 million bu greater than last year, and while part of this was reserve against war or other emergencies, it still places them in a very comfortable position. We doubt, therefore, whether they will immediately enter into any large barter arrangement with the Argentine government unless they can get additional grain on very favorable terms.

With ample supplies now afloat, and with good quantities arriving on the other side, importers remain extremely indifferent, and whatever limited purchases are taking place are mostly for nearby position. European weather on the whole is fairly seasonal. France claims that over 2 million acres were lost because of frost, but there is some re-sowing taking place in that country, and it is not regarded as particularly serious. Prospects in Italy and Germany are mostly good; likewise, conditions in Hungary and the Balkans. In Russia it is somewhat mixed, in the Ukraine conditions are favorable, but in the Volga and Center the outlook is poor.

Primary receipts today were exceptionally light at only 249,000 bu compared to 504,000 bu last week, and a holiday last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 46,000 bu.

There was practically no feature to our market, although it remained firm throughout the session, despite further moisture over the belt. At the last May wheat was 1/8¢ per bu higher. The open interest hardly changes from day to day, and there are 88 1/2 million bu of open contracts according to today's government figure.

Corn was also firm, and was influenced in part by wheat, but unsold supplies afloat were further reduced, and it is expected that European buyers may soon show more interest in our grain. The poor quality of the remaining surplus in Argentina would appear to eliminate that country as a competitor, and, therefore, wa have a chance until the new Argentine corn crop starts to move in volume.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 23, 1939.

Foreign markets were somewhat reactionary during our holiday. Both Liverpool and Winnipeg prices declined fractionally and European demand was extremely indifferent, despite continued demand for Australian wheat at Shanghai. Today was the calendar day for buying wheat, as for a great many years there have been traditional dates when apparently "The Voice from the Tomb" dictated the period when purchases or sales should be made. There is generally a reason behind all this. For instance, on January 10th sales are advocated, and the theory is that pressure from Argentina and Australia is heavy from that period onward, with European demand being just fair. As we have seen, the calendar did not work this year, possibly for the reason that Argentine wheat is under government control, and only limited quantities have been sold to Europe.

As a matter of interest we looked up statistics on what would have happened if a trader had purchased wheat each year on this date since 1930 and held it until May 10th, which is the calendar date for selling. In 1931 he would have profited 2 1/2¢ had he been long May wheat during that entire period, and in 1934 his wheat would have advanced 2 3/8¢ a bushel. During the inflation year of 1933, he would have done exceptionally well and would have made 24 3/8¢ a bu, but in all of the other six years he would have sustained a loss, clearly indicating that the calendar has not worked so well during the past nine years; in other words, it was wrong about twice as often as it was right.

There were intermediate swings during all of those years, when the market went up at times. Possibly crop scares occasioned this, but during the full period it would not on the whole have been a successful trading venture. We can easily see the fundamental changes which have taken place since the War to make this calendar period less attractive for investment buying. Before the time when Canada, Argentina, and Australia had such big surpluses, the United States was a most important factor in the export trade. Ordinarily during March and April we sold millions of bushels of wheat to Europe which was to be shipped after the new crop was available during July, August, and September. The writer remembers frequent period when as much as 30 million bu was booked ahead, and in practically every instance, this necessitated the purchase of hedges until the cash wheat was available. Export houses would often buy July and September wheat, and in many years it probably had to be purchased from shorts. This meant that when there were crop scares they were doubly effective, because the shorts often ran for cover.

But an entirely different situation prevails today --our export business is nearly completed, with probably more than 80 to 90 million bu of wheat and flour cleared, and sold, since July 1st, and with the government goal set at 100 million bu, we doubt whether sales to any large extent will be pressed at the present time; at least, there will be no demand from Europe for a far-off period, as import buying is taking place merely on a hand-to-mouth basis, because foreigners are well aware of the fact that there are heavy surpluses remaining in Canada and in the Argentine when needed.

Estimated Argentine shipments this week were very small at only 1,653,000 bu, about half as much as last week, and also of last year, but with large quantities still back, it is simply a question of time before this situation must change. Black sea shipments were also just moderate, with Russia furnishing but nominal amounts.

Our market was firm early, but there was no outside trade to speak of, and at the last May wheat was 1/4¢ per bu lower.

Primary receipts were 523,000 bu versus 332,000 bu last week, and 306,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 327,000 bu.

Corn was little changed from the previous session. Prices in Europe were steady, but no export business of consequence developed, although we are practically in line should there be any demand from the other side. Bookings to this market are not heavy; in fact, receipts at terminals are anything but burdensome, although the commercial demand is quiet, and the actual users of corn are not displaying much interest.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 24, 1939.

A continuous business between Australia and Shanghai had some influence at Liverpool today, with advances ranging from 1/8 to 5/8¢ per bu, the nearby delivery showing the most recovery. Mr. Broomhall had prepared the trade for what is taking place now; he estimated rather heavy requirements for non-European countries, but, nevertheless, each cargo that goes to the Far East removes a certain pressure which might otherwise be felt in European markets.

Recent clearances fromAustralia were fairly large, and there was also some business to Vladivostok; this occurs frequently, and we remember that last year large purchases were made by Russia for that port when it was necessary to have supplies in the North because of concentration of troops near the Japanese frontier. It is too expensive to ship wheat all-rail across Siberia. Even while this was going on South Russia was shipping rather heavily to Spain, and was also offering in rather large volume both to the Continent and to the U.K. . At the present time there is very little being placed afloat fromSouth Russian ports, and we doubt whether the business between now and the next harvest will amount to much.

It seems that the Australian farmer is not altogether happy with his lot. While the Commonwealth government had guaranteed a remunerative price for wheat used in domestic trading, this applied to only one-third of the crop, and did not substantially affect the average return. As a fact, Australia afforded less protection to her wheat growers than all other major producing countries, and it is regarded, therefore, as highly probable that the next acreage will be cut possibly as much as 2 million acres from the last one. Owing to the low export prices and dry weather during February, Australian farmers seem disinclined to continue selling at the moment, and the visible supply stocks decreased 5 million bu the past week. It is, therefore, possible that new business to the Orient will assume smaller proportions as millers are having some difficulty in obtaining large supplies. The bulk of the shipments this week went to non-European countries -- 1,832,000 bu, while the amount destined for Europe was about 1/2 million bu.

The country that still has the largest surplus, of course, is the Argentine, and Broomhall estimates that there is still 210 million bu available for export compared with only 70 million bu a year ago. This high figure is the result of the increased estimate placed on the current crop; but in any case, it is a huge surplus compared with last year's total crop of only 185 million bu. It would be a fallacy to say that no attempt is being made to move the wheat into consumptive channels, because the government has at various times lowered its asking price, but apparently with very little success. The Control Board feels that they do not want to exert too much pressure in their selling policies, otherwise it would only act as a depressing influence upon European markets. During the past week they lowered their prices by about 1 1/2¢ per bu, but still the actual business is small, with shipments this week only 1,168,000 bu. This is less than yesterday's estimate, and compares with about 3 1/4 million bu last week, and the same last year.

The world's visible supply remains large, at nearly 400 million bu, and this is 143 million bu greater than the amount on hand a year ago. Of course, it is largely due to the big holdings in Canada, where the visible supply exceeds the figure of 1938 by 103 million bu.

Primary receipts today were moderate at 466,000 bu versus 256,000 bu last week, and 344,000 bu last year. So far this week Kansas City, Duluth, and Minneapolis show a net decrease of 463,000 bu. We are apt to have a fair shrinkage in the visible supply again on Monday; it will compare with last year's decrease of 2,290,000 bu.

Markets were again very quiet, and at the last May wheat was unchanged.

Corn was firm, but without feature. Receipts at primary points are smaller than a year ago, and export business shows signs of improving, but on the whole the demand is just fair.

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DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 27, 1939.

World shipments of wheat were slightly in excess of 10 million bu, compared with 11,609,000 bu a week earlier and 12,545,000 bu last year. The amount on ocean passage decreased, but this had very little effect upon Liverpool prices, which closed at losses of 1/4 to 1¢ a bu. There had been further rains in Australia, the heaviest and of almost torrential proportions continuing in the Victoria district, which now are raising fears of serious floods. New South Wales and Queensland were also benefited; therefore, the serious drought appears to be broken.

However, the most important news came from our own winter wheat belt, where rather unexpected snows were very numerous, and in many districts, extremely heavy. When traders arrived at their offices this morning, they found a wet-looking weather map, with even the western sections of Kansas and Nebraska greatly relieved. Around Norton, for instance, there had been two inches of snow, while in Goodland, seven to eight inches were reported, and it extended pretty well from central portions of the State all the way into Colorado, with as much as two feet of snow at Lamar, Colorado; Hastings, Nebraska, advised us it was snowing hard all through that territory; the Burlington Railroad reported hard snow at points west to Denver, and lots of snow in western Nebraska. We would say that on the whole overnight weather was ideal for crops and will certainly get the soil in nice condition; therefore, it can be regarded as highly beneficial; it even extended down into the Texas Panhandle, with many stations claiming ideal moisture being received.

It is well, therefore, to look ahead to see what we may be able to raise on a planted area of 46 million acres. Those whom we consider reliable are claiming just an average amount of winter killing and abandonment, and assuming this to be 13%, we would finally have in the neighborhood of 40 million acres standing for harvest. This would compare with other years as follows:

1928 -	36,853,000 acres	1934 -	34,638,000 acres
1929	41,194,000	1935	33,402,000
1930	41,069,000	1936	37,687,000
1931	43,448,000	1937	46,978,000
1932	36,056,000	1938	49,711,000
1933	30,272,000		

The eleven-year average, including the large acreages for the past two years, was 39,209,000 acres, so that even with the drastic cuts which were made necessary because of the government's wish, we may yet have average conditions and fairly good yields if there is normal weather from this time onward. Should we produce 14 1/2 bu on the standing acreage, we would finally have a winter wheat crop of 580 million bu.

There were some interesting figures given out late Saturday by the Department of Agriculture, showing that the winter wheat acreage sown for the harvest in 1939 in ten countries from which reports have been received to date is estimated at 118 million acres, which is a decrease of 7% from last season, but most of this decrease occurred in the United States, inasmuch as a gain of 2% over the acreage sown for harvest in 1938 was indicated for the nine other countries as a whole. From this it will be seen that we are traveling the path mostly by ourselves, and we have pointed out frequently that it was doubtful whether other nations would cut their acreages sharply, particularly with so many artificial influences being undertaken to encourage the farmer. Possibly there may be a change next Spring in Canada, if the government decides that instead of paying the producer 80¢ per bu they will only give him 63¢, but yet, even some reductions may not be sufficient to change the bearish picture as the world production for the 1938-39 season was 4,535 million bu, and up-to-date revisions were recently made because of the large crops that were

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harvested in the Danubian countries and in Argentina. Based on prospective distribution and disappearance, the carryovers of the world on the first of July 1939, will probably amount to 1,250 million bu which is a high for all time, and is 655 million bu more than a year earlier.

Under these circumstances, there is nothing very encouraging yet, despite the fact that prices are at a fairly low level. Trade here was somewhat better than during the past two sessions, but liquidation was rather unimportant and we doubt whether today's volume was large. Taking the combined volume of trade last Friday and Saturday, only seven million bu of wheat futures were transacted in the pit, which is about as much as a single large house traded in during normal times in one session. Whether this is entirely due to restrictions placed upon the trade by the government, is impossible to state, but very likely it has much to do with it

Primary receipts today were somewhat better at 637,000 bu versus 471,000 bu last week, and 699,000 bu last year. The visible supply showed a decrease of 3,457,000 bu, but there is a total of 89 million bu in various positions, or 29 million bu more than was on hand in 1938. Chicago stocks decreased 221,000 bu, with 8,411,000 bu locally held.

At the last, as the result of wide-spread moisture which many thought to be the best in years, May wheat declined 5/8¢ per bu from Saturday's close.

Corn was also weaker, influenced in part by wheat, and also general indifference. Demand is only fair. The amount under government seal is only 157 million bu from the present crop, and it was thought by some that a much larger quantity would be tied up.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Feb. 28, 1939.

Greater efforts have been made recently by the Administration and by various Cabinet members to cater to business, and apparently they are learning that it is easier to collect taxes when industry is prosperous. In an effort to restore confidence, there is talk that higher taxes will not be sought during the present session of Congress, in spite of the fact that there are no signs that a real wave of economy is likely to take place. There is a new scheme, which we believe is sponsored by the Department of Agriculture, to take care of surplus food stocks by distribution to the poor, and if this would work out successfully, they would later do the same with clothing and other necessities, although the latter are not included at the present time. Most of this relief would probably be handled through the FSCC, which is already in possession of good quantities of wheat, butter, and potatoes, etc., and could acquire fruits, vegetables, meats, fish, etc. if they decided to combine farm relief with human relief on a big scale.

This will undoubtedly require heavy expenditures in addition to increased costs of current subsidies to farmers; therefore, no one can be perfectly sure that upward revisions in taxes will not be sought later, but in any event, there is a better feeling generally among business men, and securities have been responding to this improvement. In 1936, the total of subsidies to all farmers amounted to $287 million; in 1937, to $367 million; in 1938, $482 million, while in 1939, it is estimated it may run as high as $700 million based on tentative plans frequently discussed. In spite of all this, farm income has not improved appreciably due to the fact that most basic commodities are selling at low levels.

Liverpool quotations this morning showed declines of 3/8 to 5/8¢ per bu, largely influenced by reports of snows in the American winter wheat belt. The resume distributed by the Department of Agriculture yesterday may also have had some effect, as it showed another upward revision for the world wheat crop, with total supplies 680 million bu larger than for the 1937 crop. As for our domestic picture, wheat stocks on January 1st were 565 million bu, which is 123 million bu more than the year earlier, and 284 million bu larger than the small stocks on hand in 1937. Despite somewhat smaller requirements for seed, it is figured that the domestic disappearance will be about the same as last year, namely, 700 million bu, and figuring exports of 100 million bu, the carryover next July will be about 285 million bu.

With this in mind, and with further reports of moisture in the Southwest, prices were somewhat easier, although pressure on the whole was very limited, and no sizeable liquidating orders seemed to come into the pit. During normal times, we might have expected a break of 2 to 3¢ a bu on moisture news such as occurred, but there is hardly any short selling taking place because there is always the fear that government intervention, or possibly support if additional foreign sales were made through subsidy, would make these transactions unattractive. In the final analysis, of course, our market will have to adjust itself to competition, and as long as prices in Liverpool are so very low new May wheat selling at about 61¢, we fail to see much inspiration at this time for investment buying.

Primary receipts were 358,000 bu versus 249,000 bu last week, and 289,000 bu last year. KansasCity and Minneapolis stocks so far this week show a total decrease of 119,000 bu.

Trade was again very light, and outside of the additional moisture not much news was heralded. At the last May wheat showed a decline of 1/8¢ per bu. Considering the very optimistic reports from the Southwest and renewed hopes of farmers, particularly in the dust bowl, one might expect that prospects have been considerably improved.

Corn was weak early, but firmed up at the close without any particular feature. The primary movement is smaller than last year, but apparently sufficient for current needs. However, export demand is disappointing, and the quantity under government seal will not reach anywhere near the proportions that some had considered possible a few months ago.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 1, 1939

Various artificial methods have been employed long enough in most countries so that observations may be made whether the schemes were helpful and also, whether they were too costly in view of the results that were obtained.

The Canadian Minister of Agriculture, Mr. Gardner, stated yesterday that his government will not part from its previously announced decision to quit marketing wheat by a government board at a fixed price anywhere near the level of the 80¢ guaranty of last year. He brought out in his discussions a good deal of statistical data, covering a period of thirty-one years, and showed that the price of wheat for that period at local elevators had averaged nearly 95¢ for the greater part of the time under private selling methods. He was very definite, however, in stressing that there would be no wheat board this coming year, no government marketing, and no 80¢ price. The government had carefully studied every suggestion from individuals and organizations of the West, also editorial comment, and had gone into the policy of Australia, the Argentine and the United States, as well as other countries, to evolve a system of handling wheat this coming season in order to find a possible method suitable for Canada.

The Australian government is not well pleased with the success of its plan, and details of future government aid disclosed the fact that if there is to be a fixed price, it may be a maximum, as well as a minimum. It was suggested, for instance, that a fair price was 5/2 a bu, basis Williamstown, for domestic wheat, and when the price fell below that level consumers would be taxed to maintain this price to the grower, but when wheat sold above that level the grower would be taxed in order that no higher price should be charged to the consumer. This mutual aid principle is unique in the history of modern grain trade legislation, and differs drastically from any thought in this country, where the farmer seems to get various bounties regardless of whether his yields are large or small, and regardless of the price that the consumer pays for flour.

We are convinced also that there will be some change next year in the Argentine system, as they are making very poor headway in selling wheat, although just today it was reported that Spain had completed negotiations with that country for the purchase of about 7 1/2 million bu of wheat on some barter basis. This was rather fortunate for them, as a commission of Rumanian wheat experts was leaving for Burgos today or tomorrow in the hope of making arrangements to sell some wheat to Spain. Rumania is reported to have a large percentage of its last wheat crop unsold. Despite this sale there is still a very large Argentine surplus, and while much was heard earlier about the possibility of Germany and Italy taking wheat from that country, nothing has developed to our knowledge as yet.

There was very little feature in the early transactions at Liverpool, although finally they showed advances ranging from 1/2 to 7/8¢ per bu. This is not particularly surprising as wheat over there is extremely reasonable in price, new May wheat selling for only 61 7/8¢ per bu. July wheat yesterday touched a new low for the season and the nearby positions were influenced somewhat by larger arrivals in the U. K., with port stocks increasing due to the fact that several cargoes were diverted from the Continent to England. However, crop reports in Europe have been somewhat mixed, and while they are a little bit more optimistic today and considered average for this time of the year, one would hardly look for much decline in Europe owing to the cheapness of that wheat.

A few weeks ago it had been thought that India might play a more important role this season because of the early drought and might have to import fair quantities of wheat, but with the favorable rains the past month, estimates have been raised and the outturn might approach 360 million bu, which is well below last year's bumper crop, but would compare with a yield of 376 million bu two years ago; this would be nearly sufficient to take care of home requirements. India has not been a large exporter of wheat for many years, and the chances are that they will not be an important factor one way or the other this season.

(OVER)

Primary receipts were 375,000 bu; a week ago there was a holiday, and last year they amounted to 340,000 bu. So far this week stock at Kansas City and Minneapolis show a total decrease of 261,000 bu.

Trade on the whole was quiet again, probably like yeaterday, when less than 5 million bu of wheat was transacted in the pit. Prices, however, were steady owing to lack of pressure and a better undertone in corn. At the last May wheat showed an advance of 5/8¢ per bu.

There was a little corn reported worked for export, and sales out of Chicago were also slightly better. It took but few buying orders to encourage sentiment, and this cereal did considerably better with apparently little new pressure, as recent liquidation was fairly thorough. The primary movement is fair, despite the fact that sizable quantities are under government seal.

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CHICAGO March 2, 1939.

There was very little in the overnight news; consequently, markets had little to guide them. It is the belief in some quarters that the government is planning new devices to enable the needy to get certain commodities either on a cheaper basis than if they purchased at stores, or possibly as a gift, but details of this plan are apparently not complete.

Up to the present time government loans on commodities are slightly above $750 million, according to figures given out by officials of the Farm Credit Administration. There are other minor charges for interest, etc., not included in the above; but in any event, it is a larger sum than was used by the Federal Farm Board which was set in operation back in 1929. There is, of course, this difference; under the present plan, crop curtailment has been combined with crop loans; therefore, it was the intention that surpluses would not pile up. Despite bounties spent for cutting acreage, we still have more than average inventories in many of our basic commodities. It must be understood, however, that the commodity loans have been made without recourse and in practice if prices fell, the farmer was under absolutely no compulsion to pay off his obligation; but on the other hand, if commodities advanced in price above the loan value, he could take his profit. In most instances, the market price was sufficiently high to satisfy the farmer, so that the government in reality was more or less instrumental in partially pegging prices and finally obtained possession of various commodities, notably cotton, with which they have been struggling in an effort to find markets in order to reduce these accumulations. As in most cases, little consideration is given to the secondary consequences; but if pursued over a period of years, we are afraid that the results for wheat, corn, or any other article will be similar to what is taking place now in cotton; namely, that supplies will tend to pile up and may become burdensome.

Liverpool quotations this morning showed declines of 1/8 to 1/4¢ per bu, with fair tenders on the March contract. Estimated Argentine shipments were still very small at 1,470,000 bu, or about half as much as was put afloat last year. The Black sea furnished nearly one million bu, which was not regarded as particularly heavy, although slightly more than last week.

Mention was made in this market letter yesterday that a Spanish-Argentine grain deal had been consummated but, according to one advice from London this morning, there are still some details to be worked out, although it is thought that the business will shortly be concluded.

Europe seems to be getting its supplies on a hand-to-mouth basis, but is not stretching out; therefore, the burden may finally rest with export countries, such as Canada and the Argentine, if wheat is to go into consumptive channels at a heavier rate. During the first thirty weeks of the crop movement, world shipments have averaged more than 11 million bu every week, and during the remaining twenty-two weeks less than this quantity will be required every week in order to take care of European and ex-European needs. Since August 1st, Canada has shipped only 100 million bu of wheat and flour, which leaves 174 million bu for export and next year's carryover, compared with 52 million bu last year. The United States has actually shipped about 65 million bu of wheat and flour since July 1st, but there is probably another 20 million bu sold, which has not yet left this country. On this basis, our export program is nearing its goal. The United Kingdom, which takes about half of European imports, has taken 11 million bu more wheat since August 1st than a year ago, and 1/2 million bu less flour. From all indications their buying will be spread rather evenly over the remaining period until the new crop is harvested in North America.

Primary receipts were 505,000 bu versus 523,000 bu last week, and 383,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 532,000 bu.

There was very little feature to the market; May wheat closed unchanged.

Corn lost some of its gimp following yesterday's advance. The Argentine situation is rather tight as receipts of good quality are light, and the carryover on April 1st will be small. But with all this the European demand is not particularly active, probably due to the fact that barley and low-grade wheat are bringing such poor prices in Europe.

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CHICAGO March 3, 1939

Our monetary gold stock is nearing the $15 billion mark, having increased heavily during the week in response to a further movement of the yellow metal from Europe. It has now reached the highest point in the country's history, and our holdings at the present time are about $5 billion greater than the amount that the entire world held ten years ago. We ourselves have about $11 billion more of gold in the Treasury than we had ten years ago. Before the revaluation of our holdings, which cut the price of the dollar, our stocks were valued at only $4,333 million; prior to the devaluation we were losing gold from here, but after the monetary step was taken, fugitive capital began pouring in, especially with Europe's political and economic conditions becoming progressively worse since 1934. In many instances we have drawn heavily on the reserves of some of the leading European nations, and there is hardly any comparison with the Fascist powers of Japan, Italy and Germany, whose recent holdings were estimated only slightly in excess of $500 million of the world's gold.

The precious metal has advanced more than any other commodity largely because our government had decided to pay $35 an ounce, as compared with the old statutory rate of $20.67. Should it prove unreasonably high, we may suffer the consequences in time, and the final fate will be the same as that of other commodities which were overproduced; therefore, instead of inflation we might end up with deflation, but this, of course, is in the far future, because in the meantime other inflationary measures are still going on. Most inflations in past history have not come about because governments tried to produce them, but rather they occurred after a number of years of continued deficits.

The economic block in Congress gave warning yesterday through Senator Harrison that any further increase in the $45 billion public debt limit now fixed by law would be strongly opposed. It was suggested that responsible government officials should get together with Congressional leaders in a serious effort to cut down excessive spending.

There was little in the grain news toinfluence our market this morning. Quotations at Liverpool were unchanged to 3/8¢ per bu higher; firmness probably came about owing to the small Southern Hemisphere shipments to Europe. It seems that of the 3 1/2 million bu of Australian wheat placed afloat this week, only 220,000 bu was destined for the United Kingdom. Actual shipments from the Argentine were only 1 1/2 million bu, but wheat is piling up in that country and, according to Mr. Broomhall, the exportable surplus is still in excess of 209 million bu compared with merely 68 million bu a year ago. What will finally happen is difficult to state, although in the past they found that the only way to avert trouble was to merchandise orderly, regardless of price, in order to prevent trouble in future years, as the majority of grain in an ordinary season must go for export.

Very little has been heard recently about prospects in our Northwest, or in Canada, as the trade is following more closely the winter wheat situation. However, the recent snows have been beneficial and more seem likely during the next twenty-four hours. In Canada, since last September, average precipitation amounted to 5.99 inches compared with 4.94 inches normal. This is important, as a good seedbed generally insures a good start.

There has been considerable speculation as to what the CCC might do with the wheat it acquires through loans, but it was stated today that officials of the department have made no definite plans yet for the disposition of the grain. Loans on only a small amount of the elevator-stored wheat are expected to mature this month and, in explanation of their system, they pointed out that elevator loans on wheat matured seven months from the date they were made, while farm storage loans will mature May 31st.

Primary receipts of wheat are 472,000 bu vs. 466,000 bu last week and 504,000 last year. Kansas City, Duluth and Minneapolis stocks show so far this week a net decrease of 475,000 bu. There will be a fair shrinkage in the visible supply again on Monday; a year ago the decrease amounted to 1,976,000 bu.

There was absolutely no feature to wheat; the close showed an advance of 1/8¢ per bu.

Corn was firm, but trade also extremely light. There is no news relating to this cereal. Export demand continues mostly disappointing, while the local and domestic demand is just fair.

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CHICAGO March 6, 1939.

The Department of Agriculture seems to have rather definite plans for the distribution of surplus agricultural products to the needy through regular retail channels instead of the present method of direct distribution. Officials hope that they will succeed in getting the plan into workable shape sometime this month. Both they and food merchants are working towards that end.

Secretary Wallace and Mr. Perkins, the new head of the FSCC, explained the plan in some detail at a quiet dinner last Tuesday evening to various administration members. This does not mean that the government purchases of surpluses by the FSCC will necessarily be eliminated, but surely the need for government buying may be reduced through this new scheme. The idea is to issue some sort of scrip in small denominations that can be cashed locally by the grocer either at post offices or at the banks. While the plan has not been fully worked out, it seems to be the thought that those who are already on government relief will receive two types of coupons; with the one they can buy their ordinary requirements, but with the second coupon the reliefer may only purchase surplus foods at any of the retail stores. The officials seem to think that the coupon plan will be relatively simple and easy to administer, that the local grocer will not be inconvenienced, and that it will move in greater volume those articles that have been overproduced.

It was also explained that the certificates would be issued to persons who are now receiving relief and that it would be in addition to their regular relief checks. If the plan succeeds, it is estimated that probably 20 million persons will be benefited. As we mentioned in our earlier letters, at first the government would deal primarily with foodstuffs, although later it might be extended to cotton goods, mattresses, etc.

Our market today had very little to influence it. Liverpool quotations closed at losses ranging from 1/4 to 3/4¢ per bu, which was largely due to the heavier world shipments, amounting to 13 million bu. This compares with 10 million bu last week, and 10,471,000 a year ago. The amount on ocean passage also increased about 2 million bu, and at the moment demand in Britain is rather quiet.

There is some hedging of Argentine and Australian wheat in the Liverpool market, which continues to check advances for the time being, although the undertone is rather steady, probably due to the fact that the price is quite low. Early indications pointed to a rather disappointing foreign demand again for North American grains over the week-end, and there are some European countries with large surpluses, such as Rumania, where it is figured the present surplus and carryover amounts to about 52 million bu. Therefore, merchants in Europe are not stretching out far, knowing that supplies are still heavy in many of the surplus nations.

There had been rather general moisture over the week-end, not particularly heavy, but snows in a good many districts, which were beneficial on top of what occurred a week ago. The Department of Agriculture in its weekly resume says that Kansas had a wet snow, ranging in depth from 4 to 10 inches, and that it covered practically the entire state. Prospects for the crop were improved and it placed the soil in better condition for the seeding of spring grain. Moisture was still needed locally; however, in south central and east central Oklahoma, and in some western sections of Texas; prospects continued fair to good in eastern sections of the wheat belt.

The visible supply showed a heavy decrease for the week, amounting to slightly more than 4 million bu. However, there is still 89 million bu at the various reporting points compared with about 60 million bu a year earlier. Primary receipts today were 671,000 bu versus 637,000 bu last week, and 645,000 bu last year. Chicago stocks decreased 228,000 bu, although there is still more than 8 million bu here in elevators and afloat.

Wheat was slightly lower from the start, and there was practically no trade, but additional moisture, together with indifference at Liverpool brought about light liquidation. At the last May wheat was 3/8¢ per bu lower than on Saturday.

Corn was barely firm. It seems that the quantity under government loans is nowhere near the figure that the trade had expected earlier. Up to last Saturday 166 million bu were tied up; apparently there were less compliance farmers than expected, or else producers, themselves, preferred to market or feed the grain through normal channels.

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CHICAGO March 7, 1939.

Frequently the heaviest amount of winter killing takes place before this time, and while our severe weather is drawing to an end it is well to consider what happened in previous years. During the period 1931-36, the amount of winter killing averaged 23.8 per cent; In other words, practically every fourth acre of the planted acreage was abandoned. This, however, was rather the exception, because it included the drought periods. In 1930, the percentage of winter killing was only 4.8 per cent, and the five-year average from 1927-31 was 12.6 per cent, or about one-eighth of the acreage. Judging from reports that come to us we conclude that this is one of the years when abandonment will be on the low side rather than the maximum; and should it be more normal in that respect it would give us a standing acreage of about 40 million acres. The average crop on harvested area during the last eleven or twelve years was 14 1/2 bushels per acre. So on that basis, provided we have normal conditions, and not figuring on either a bumper crop or a failure, we may expect final yields of approximately 580 million bu of winter wheat.

With good moisture in the Northwest there is a possibility that the spring wheat crop will reach 200 million bu, which would mean a total for the country in excess of our domestic consumption. We realize that forecasts made three or four months ahead are a speculation; no accurate figures can be made at this time, but judging from past history it gives us a fairly cheerful outlook. During the period under discussion, the shortest winter wheat crop was in 1933, when yields were only 12.4 bushels on the standing acreage; and the highest was in 1931, 18.9 bushels, as the final outcome.

These statistics may have more influence as time goes on should there be no serious changes in the character of crop news. We feel confident that the carryover on July 1st will be approximately 285 million bu, and it may be necessary, therefore, to find an export outlet for our surplus. This may not prove so easy with the tremendous quantity of wheat remaining in the Argentine --a surplus still in excess of 200 million bu, and that wheat probably selling in Europe 7¢ per bu cheaper than any comparable grade of Canadian wheat. The Argentine government has refused to disclose port stocks, probably for the reason that there is congestion, and they have already suspended the acceptance of wheat delivered by growers because there is no storage at shipping ports. In our opinion, it is simply a question of time before these supplies may be forced into export channels to bring about relief.

Canadian export sales are not heavy, while new business from U. S. is almost nil. The policy of waiting and watching may have to be changed before long.

Primary receipts were 504,000 bu versus 358,000 bu last week, and 284,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 130,000 bu.

Trade has assumed that because values have held firmly for a period of months that the next move should probably be upward. However, we think it will take more than crop scares, but actual damage, to have this influence. Should pressure increase from any of the surplus countries it might bring rapid changes; and these things sometimes come out of a clear sky. At the last our May wheat was about unchanged.

Corn was neglected, but a few selling orders found new support rather limited. Longs feel less confident of their position than previously, and the export demand is still very poor.

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CHICAGO MERCANTILE EX.

CHICAGO March 8, 1939

General business conditions during February had been much the same as in the previous month, although sentiment is more optimistic. Businessmen have had time to consider all the elements in the situation, and the reasons for confidence in the outlook for Spring are more impressive. There is less worry at the moment of disorder of world conditions, and finally, encouragement has been offered by public statements that the Administration wishes to be more cooperative in seeing that industry should prosper. With this in mind, revival of private investments may bring about a more lasting recovery, and may help to solve the problem of unemployment by putting men back to work.

We believe that this more optimistic note has had its influence in wheat, with the investor of the opinion that together with seasonal crop scares and low prices the least risk was on the long side. However, there have been certain elements in the wheat situation itself which apparently needed correction. For many months foreign markets have been very weak, and today again Liverpool prices were lower, July wheat declining to a seasonal low for the year; new May wheat is quoted at Liverpool at only 59 3/4¢ per bu. There is little actual demand for cash wheat in Europe, and we have pointed out for a long time that exporting countries still have big surpluses, and simply by voting money to help the grower would not in the final analysis be a cure for the ailment. This weakness in international markets has been rather slow in bringing about its influence here in Chicago, although today with Winnipeg October wheat also going to the lowest price of the season, certain traders were becoming a little more apprehensive, and we think that liquidation, while not heavy, was a little more intense than in some time.

Canada announced recently that she may even abandon minimum prices, or at least would afford less help to growers next year, and we believe as time goes on that the secondary consequences of many of the artificial influences will show that without improved demand in Europe, it is increasingly difficult to hold prices here. After experimenting with all forms of marketing schemes, the Canadian government has publicly acknowledged that the futures market is the best medium for disposing of annual crops. As a concession to holders, they may see that the exchanges are officially supervised, but it is surely illogical to assume that this supervision will be such as to impair its usefulness.

The prospect of a large world carryover next July, combined with disappointing statistics on consumption, may have more effect in the next few weeks than up to this time. Wheat disappearance in the United States during the first half of this season amounted to only 382 million bu against 386 million bu in the same period of the previous season. Of course, attention will also be centered in crop prospects for winter wheat, but more satisfactory conditions are reported as the result of recent moisture, although complaints are still heard from some sections. Therefore, spring rains will be needed rather generally. The Northwestern Miller had a report from its Buenos Aires office stating that holders are continuing to pour wheat into port positions, and the government is accumulating at such a heavy rate that it was necessary to declare an embargo for some of the smaller ports where sacked wheat was already stored in the open. The government does not want to risk deterioration of too great a percentage of its holdings in view of the usually damp weather now approaching.

Primary receipts today were 419,000 bu versus 375,000 bu last week, and 282,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 448,000 bu.

Trade was on a slightly larger scale, but this is not saying much as yesterday less than 3 million bu of wheat were transacted in the pit. At the last, May wheat showed a decline of 3/4¢ per bu, and if anything showed a slightly widoning tendency under the deferred futures, possibly indicating that it might go to a better carrying charge.

Corn was weak, and there seems to be less confidence in this cereal. The foreign demand continues to be disappointing, and for the time being, at least, current receipts are sufficient for industrial demand.

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CHICAGO MERCANTILE EX.

CHICAGO March 9, 1939.

The distribution of the world's crop is often very important, as it relates to price. In other words, it makes a difference whether the large surpluses are in the hands of exporting countries, or whether the crops were raised by consumers. This would be particularly true in countries like Germany and Italy, whose foreign exchanges are so important in the conduct of their commerce. We have seen during the past few years where some of the totalitarian countries were not able to purchase their full requirements because of monetary considerations, and, therefore, substitutes were used and probably a lower grade of flour was consumed at home. This is probably not so during the current season, as Europe produced 297 million bu more wheat than in the previous season, and 356 million bu more than in 1936, but yet the price to the consumer was kept artificially high through import tariffs, and the chances are that added consumption was but slight, although it made it easier to store large amounts away for war reserve. This has probably taken place to good advantage for the past six or eight months, as it did not require the importation on as large a scale as if home-grown crops had beensmaller. At the same time, it had another effect: namely, that it made certain countries more independent and they could sometimes draw on these reserves, with the idea of replenishing them again when the price structure was satisfactory.

This was all detrimental to countries like Canada, Argentine, and even to us, as we had surpluses that had to find an export outlet, but in spite of all this, world shipments to Europe are 23 million bu larger since August 1st than a year ago, and to ex-European nations, 18 million bu greater. Therefore, we must assume that the buying from now on will be mostly from hand to mouth, as it has been in the past. In looking at Canada's share of North American shipments this week, we find 2,688,000 bu were placed afloat, but this included nearly two million bu from the Pacific Coast. The Canadian visible supply is 99 million bu larger than a year ago, and unless a large carryover is to be dealt with next August, it means that the burden rests heavily upon the shoulders of those in charge to see that greater quantities are shipped from that country. We say this in view of the fact that there is likely to be another normal crop this coming year. Precipitation during February was heavy and fairly well distributed. The 13 reporting stations showed an average fall of .96 inches of moisture, or 66% higher than the normal for February. Since September 1st, average precipitation has been almost six inches, or 21% greater than the normal amount of 4.94 inches. This is bound to place the soil in good shape for spring seeding, and while crops cannot be made during the winter months, it almost assures a satisfactory start.

It is useless to harp too much and too often on the Argentine surplus, except to remind our readers that they still have more to spare than the total amount of last year's crop, and some time --possibly sooner than is generally expected-- we believe the surplus wheat will be pushed into export channels. Europe apparently is cognizant of all this, and today's quotations at Liverpool showed new low prices for two of their futures. The Argentine government will not announce its holdings of wheat, but the trade knows these are large and that congestion exists in terminal elevators at certain ports. Over here there was nothing particularly new, except that the indications were for possible moisture by tomorrow night, and the Kansas report claimed slight improvement during the past week --top soil over the state is now pretty well supplied with moisture, except in some of the western counties where snow had been blown from many fields.

Primary receipts were 512,000 bu versus 505,000 bu last week, and 311,000 bu last year. So far this week Kansas City and Minneapolis show a total decrease of 600,000 bu. The market was dull, but fairly firm, May wheat finally closing 1/8¢ per bu higher.

Corn displayed no trend; the character of news was the same as previously.

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CHICAGO MERCANTILE EX.

CHICAGO March 10, 1939.

Mr. Chamberlain, who was the chief influence in urging British re-armament and who speeded it up after the annexation of Austria and after Munich, should know why his government imposed it on the country, and why it was so readily accepted. At the very time that enormous expenditures were suggested for increasing airplane production and putting the nation in a stronger position for war, he stated:

> "I feel it our duty, and the duty of this government in particular, to watch for every opportunity that may come to try and persuade other governments of the folly of the course that we are all pursuing, and to induce them to put an end to a situation which, if it is persisted in, must bring bankruptcy to every country in Europe."

Today's news forecast greater optimism that Europe would settle its troubles in a peaceful manner, and the Prime Minister was planning to call a disarmament conference of the big powers.

The stock market looked with favor upon a brighter political outlook,and securities, which recently had been liquidated due to chances of war, or at least scares on that account, were higher during the day's trading. There was very little effect upon the wheat market, and, although large reserves had been set up by many nations just in the event of a crisis, we doubt whether these will be allowed to be used for other purposes, at least for the present.

Liverpool quotations were rather indifferent; the March delivery was slightly lower because of slow demand, but deferred months were slightly up, and the price of new May wheat in that market is still very low, only 59 3/8¢ per bu.

Argentine shipments were slightly over the 2 million bu mark this week, which was an improvement over the previous week, but is still smaller than a year ago. Broomhall estimates the surplus remaining for export is 207 million bu compared with merely 65 million bu a year ago; therefore, little headway is being made in getting this wheat into consumption. The Australian crop is considerably smaller than last year, although recent figures have been raised and it is now thought that the crop for the current season will reach 151 million bu. The amount left for export is 68 million bu, or nearly as much as a year ago, when 77 million bu were available. Consequently, despite the smaller amount raised, there is nearly as much still to be shipped. In that country further rains have been received in all states during the past week, and soil conditions are now satisfactory for field work, but growers continue to sell their wheat sparingly and quite a bit of wheat and flour have been contracted for the Orient, so that pressure upon their market is not heavy.

The Trade Minister of Canada informed the Commons yesterday that Canadian millers had agreed not to import any more U.S. wheat for milling purposes, and this had been giving concern to the government at Ottawa, because of the subsidies from here, although we doubt whether the quantities were large enough to be of more than sentimental effect.

Other than that, we believe that the new business from here for export is extremely quiet, and this leaves the other surplus countries with a freer hand in Europe, although undoubtedly the business is just from hand to mouth, and neither Canada nor the Argentine can sell as much as they would like.

Primary receipts today were 513,000 bu versus 472,000 bu last week, and 340,000 bu last year. Kansas City, Duluth and Minneapolis stocks show a net decrease of 622,000 bu so far this week, indicating probably a larger decrease in the visible next Monday than we had a year ago when it amounted to 1,703,000 bu.

There was very little feature to the market. It was again extremely quiet, and at the last May wheat was unchanged.

Corn was inclined to firmness. There was very little feature; the primary movement was moderate, but on the other hand demand also was just fair, with new pressure exceedingly light. The Argentine corn crop has apparently recuperated rapidly after rains that came early in January and prevented a failure as in 1938 when 50 per cent of the acreage was lost.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 13, 1939

Weekly statistics were somewhat bullish from a European viewpoint, with world shipments only about nine million bu this week, compared with 13 million bu a week ago, and the amount on ocean passage decreased about three million bu. However, advices from the other side spoke of a complete lack of demand and local traders were reselling; therefore, in spite of the figures just given, quotations were rather indifferent and Liverpool prices closed with losses of 1/4-5/8¢ a bu. This in itself would not have meant so much ordinarily, as it was a reversal of Saturday's action when prices had advanced fractionally. However, it is surprising that the trade pays so little attention to basic factors. First of all, foreign prices have lost on us considerably during the past few weeks, and if we wanted to do any further export business, we are convinced it could only be accomplished by increasing the subsidy, as new Liverpool May wheat is selling for only 59 3/4¢.

Recent weather has been extremely kind, and it seems that Nature is provident, because she is making up for a good deal of the drought that was experienced last fall when the plant was seeded. In addition to rains and snows that were reported quite generally last Saturday, there were a good many reports over the week-end of additional moisture, and in Goodland, Kansas, for instance, which is in the western part of the State, and which was included in the Dust Bowl area a few years ago, one reporter told us that several farmers in the surrounding country had been in and stated that wheat was starting to grow, and that even the volunteer wheat is okay. Colby, Kansas, had 2.14 inches of moisture on Saturday; Sharon Springs had 1.28 inches, Kanorado, 1 inch, and Brewster over an inch, which is certainly wonderful just before the growing season starts. Mr. Jolley, a well-known wheat authority, who is with the Shannon Grain Company, had reports that the moisture received over the week-end in Northern Kansas and Southern Nebraska; also, Eastern Colorado, is the heaviest received in over a year. It covered a strip about 150 miles wide, extending from the main line of the Union Pacific to the Platte River, and from here west to Colorado..

In ordinary times, news of this character would probably have broken the market one or two cents a bushel, but at the present time, our market hardly responds to the news, which leads us to believe that at some future time - possibly not far distant - when these factors are more fully realized - a sharp readjustment will take place. Washington calculates that the wheat supplies in the Danube Valley on August 1, 1938, amounted to 477 million bu, of which about 133 million bu were available for export and carryover, after allowing for emergency stocks. When it is considered that exports to the end of February had been approximately 34 million bu by water and 22 million bu by rail, or a total of only 56 million bu, it still leaves a balance on March 1st of 77 million bu. Much of this wheat is probably in Rumania, and they have tried a good many deals to dispose of this surplus, apparently without success. Should the Argentine Government later on find, after corn starts moving in volume, that it will be necessary to consign heavy quantities of wheat to Europe unsold, it might be the beginning of quite a different feeling among those who are holding surpluses. At the moment there is the willingness to await further developments, but should one or the other of the large nations become scared, we feel that the weight of surpluses will be much more felt than at present.

Primary receipts were 764,000 bu versus 671,000 bu last week, and 689,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of 3,206,000 bu; the total at various reporting points is 81,841,000 bu, or about 25 million bu greater than a year ago. Chicago stocks decreased 214,000 bu, and there is still close to eight million bu of wheat in elevators and afloat.

(O V E R)

At the last, influenced by moisture, May wheat showed a decline of 3/8¢ per bu. Trade was extremely small, but probably a little heavier than on Saturday, when only 2 1/2 million bu of wheat was traded in the entire pit; on that same day the total trade, including corn, oats, rye, barley, etc. was only 4 million bu, and while it was a short session, we doubt whether such a small quantity had ever been recorded before. It is somewhat encouraging to note that spring is starting with such abundant moisture over most of the United States, even though subsoil is still dry in much of the Great Plains area. Precipitation for the three winter months just passed exceeded that for the same period of 1937-38, and was much more uniformly distributed, according to the Weather Bureau.

Corn was weak. It seems the industrial demand is poor, and even with reports of heavy consumption on farms, the trade is little impressed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 14, 1939.

Liverpool cables were quite weak this morning, losses ranging from 1/2 to 3/4¢. New May wheat is selling for only about 59¢, and we regard this as almost a danger signal, as the price is already so low that it shows there is something inherently weak in the wheat situation. There are probably a good many traders who ignore signs from the outside, because they look at the price level here in Chicago and wonder how much of a decline is possible with Chicago May wheat at about 67 1/2¢. We had the same condition several years ago after the Farm Board accumulations took place and wheat looked reasonably priced at 81¢, so long as the government was the big buyer. When later on this support was withdrawn, June wheat on the 1st day of June 1931, sold at 71¢ a bu, and of course, this looked even more reasonable. On July 1st of the same year, cash wheat was selling for 56¢ a bu, and even this was not the lowest level, because at the end of September, values had dropped to 45¢ a bu.

We mention this not because we look for a repetition, but because we think it is important not to place too much faith in price. Probably more money has been lost in securities for that reason than for all other causes. Based on past history, a good many people are always willing to buy stocks, because they think that previous high levels will again be reached, but yet this type of reasoning, without regard to intrinsic merit, is sometimes very costly. In our opinion, it is unwise to ignore weakness at Winnipeg and at Liverpool, just as it is unwise to pay no attention to one's temperature when feeling ill. Throwing away the thermometer does not correct the illness and it is sometimes better to take notice when warning signals appear.

May wheat at Winnipeg today sold at about the widest discount under us than at any time on this crop, and since the visible supply in Canada is about 99 million bu greater than a year ago, and since there is still about 171 million bu of wheat and flour to export, as compared with 51 million bu last year, it shows there might be a number of problems still confronting those in charge of the policy of merchandizing that grain. Since August 1st, world shipments have averaged slightly over 11 million bu a week, and for the remaining 21 weeks until new crops will be available from North America in volume, only about 10,673,000 bu need be shipped each week in order to take care of importers' requirements. The position in the United States is somewhat better, but largely from point of view that we have reconciled ourselves to the fact that we shall carry over a large amount into the next crop. Actual overseas exports of wheat and flour from July 1st amount to about 68 1/2 million bu. On this basis, there would still be available for export 191 million bu, and yet provide for an assumed carryover next July of 125 million bu.

However, in the above figures it must be considered that there is a fairly large quantity already sold, but which has not yet been shipped. The continued absence of important inquiry from millers in Britain, despite fairly large sales of Australian wheat to Shanghai, shows what happens when such large quantities of grain are contracted for early in the season, and while not very effective upon price at that time, it is becoming more of a factor now, and with the Argentine holdings probably to come forward yet, although being held aloof, it is difficult to see where foreign markets can rally very materially, unless there would be actual damage in several parts of the world to the growing crops. There is still the hope that some sort of deal between the Argentine and German governments on a barter plan will find fulfillment. This has been discussed for many months past, but up to now nothing definite --at least, on any sizable quantity-- is confirmed.

Primary receipts today were 369,000 bu which was quite small and compares with 504,000 bu the previous week and 319,000 bu last year. So far this week Kansas City and Minneapolis stocks showed a net decrease of 42,000 bu.

At the last May wheat was 3/8¢ per bu lower.

Corn was also weak in sympathy with the leading cereal, and possibly influenced also by the two days' sharp decline in the rye market.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO March 15, 1939.

Political news came to the foreground late yesterday when Germany and Hungary forced the collapse of the Czecho-Slovak nations which had been born after the World War. Hungarian, German, and Rumanian troops were invading the land. This comparatively new, but formerly powerful Republic was formally dissolved by what was left of its government just five and a half months after its first dismemberment by the great powers of Europe at Munich. At first it looked as though both Britain and France would remain silent. Prime Minister Chamberlain told the British Parliament yesterday that there had been no aggression against Czecho-Slovakia and that his government had no intention of intervening in Central European affairs. However, news this morning was rather conflicting. Viscount Halifax was prepared to take a stronger line, and he claimed there was no excuse for the present situation in Czecho-Slovakia, referring to the German troops going into that country, when it had been agreed at Munich that Germany should not enter foreign soils. In the previous instance, Germany had the excuse that they were protecting Germans in the neighboring states, but this is not applicable now; therefore, the awakening of England was regarded as a more serious political complication, with the result that securities broke quite sharply, while grains advanced in all markets following yesterday's weakness.

Final prices at Liverpool were 5/8 to 3/4¢ a bu higher than the previous session. Great Britain postponed today the scheduled visit of the trade delegation to Germany awaiting further developments. Actual demand in the U.K. showed no improvement --the early undertone had been steady because of further sales of Australian wheat to China, and also a report that negotiations were continuing between the German and Argentine governments for a sizable quantity of wheat that was to be taken on some sort of barter arrangement,presumably in return for some railroad material and other equipment which Germany would furnish. No details of the negotiations are yet available, nor even the quantities but it is thought possibly as much as 7 1/2 million bu of wheat are under consideration.

In recent reviews, Mr. Broomhall has expressed an opinion that neither Germany nor Italy would take a great deal of new crop Argentine wheat this year. It is thought that owing to the large reserves already held by Germany they might be more eager to obtain corn and other secondary cereals. At the end of January, stocks of wheat in Germany, exclusive of Austria, were officially estimated at 159 million bu, or about 74 million bu more than was on hand a year ago. This was also augmented by rye stocks which were very large. It is a fact that owing to these large supplies, Germany has been obliged to take steps to restrict the movement from farms,and growers are now being paid a premium to retain supplies until May. It is thought that Germany has practically accumulated its security reserves so that during the coming months import needs will be on a greatly reduced scale.

Our market opened rather quiet, but firm, at last night's closing figures. Other news was about in line with recent developments. There had been a weather and crop report from Washington, claiming that in Kansas there is now sufficient top-soil moisture for present needs and that this situation prevails quite generally. The outlook is materially improved after recent rains and snows which occurred. In the Northwestern great plains and from the Rocky Mountains Westward, the weather conditions continue mostly favorable. However, political news brought in short covering and with the market rather narrow, it was easily susceptible to this buying. There was also a report, presumably made by the CCC that producers who have obtained loans under the 1938 program, would be given the opportunity of a ten-month extension. This probably also had some effect upon sentiment.

Primary receipts were small at 355,000 bu versus 419,000 bu last week, and 364,000 bu last year. So far this week Minneapolis and Kansas City stocks show a total decrease of 222,000 bu.

Best prices of the day were not maintained. After short-covering operations were completed there was some easing, and it seems rather difficult to interest outside investors in this market. May wheat was finally 3/8¢ per bu higher.

Corn was stronger at one time in sympathy with wheat, but liquidation was apparently too much for the poorly supported market, and at the close values were actually lower.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO March 16, 1939.

The invasion of Czechoslovakia by German armed forces proceeded
ith such speed and efficiency that there was very little public riot-
ng and clashes were prevented by the fast mobilizing German army that
ad been well prepared for the emergency. Shocking as this may seem
o those who have faith in the rights and privileges of democracies,
et it was almost a foregone conclusion that there would be no im-
ediate hostilities involving the more important European nations in a
ajor conflict.

There was some recovery in the London stock market and no furth-
r weakness of consequence was displayed in American securities markets
his morning. The British and French rebuke against Hitler's march
nto Czechoslovakia was mild enough to signify that probably no strain-
d relations would result. Our market had encountered a fair amount
f short covering yesterday, with the result that it was more easily
nfluenced by selling orders resulting from new seasonal lows which
ere established in Winnipeg this morning.

Broomhall points out that the combined Southern Hemisphere
hipments to date destined for Europe amounted to only 52 million bu,
ompared with 68 million at this time last season, and 116 million at
he same time two years ago. This severe reduction which, in our
pinion, will be felt primarily by Argentina at some later date, may
ossibly come next summer when home crops are being gathered in Europe,
nd when Northern Hemisphere countries are anxious to place a large
ortion of their wheat into export channels; therefore, the competi-
ion from these three sources may create extremely weak markets when
hat time arrives, and speculation often discounts such situations in
dvance. At the present time, shipments from the Argentine are entirely
oo small, this week's being estimated at only 1,910,000 bu. While the
rgentine Grain Board is not disclosing figures on stocks of wheat at
hief ocean ports, it is thought there is possibly 55 million bu held
t terminals, and besides this quantity there are considerable amounts
eld at country points and at railroad stations. Should there be an
arly movement of corn, of course, tremendous congestion might result.
he estimated amount of wheat still remaining for export and carryover
s placed in the neighborhood of about 205 million bu.

Black Sea shipments were light, with only one million bu or so
aving been placed afloat this week; therefore, statistics on Monday
ay again be somewhat bullish from a European point of view. No
learances of grain from Russia are reported for the past week, and
e doubt whether this country will be a factor on the balance of the
rop; likewise, nothing is expected from India and it is possible
hey may have to import small quantities.

As we stated before, the Winnipeg market was very weak. Total
anadian wheat and flour shipments since August 1st are only 105 million
u, and there is still available for export and next year's carryover
lose to 170 million bu compared with only 50 million bu in 1938.

We had a number of weather and crop reports from our various
ffices in Kansas and Nebraska, and we would say that on the whole more
ptimism prevails than in some time, as the recent good snows brought
bout considerable improvement. In western sections, crop conditions
re reported as the best since 1931, with plenty of moisture to carry
n for some time to come. The plant seems to be greening up and even
ome of the late wheat, which was considered doubtful, is showing a
airly healthy condition, although of course, it is extremely early to
ome to any proper conclusion.

Primary receipts were 478,000 bu versus 512,000 bu last week
nd 302,000 bu last year. So far this week Kansas City and Minneapolis
tocks show a total decrease of 333,000 bu.

Liquidation was not very heavy at any time, but the sharp
reak at Winnipeg was discouraging. At the last our market was 5/8¢
er bu lower for the May delivery.

Corn encountered heavier selling from discouraged longs and
ven with a very light primary movement there was sufficient pressure
o bring about new low prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO March 17, 1939

Early quotations at Liverpool were very weak and there had been fear that a decline in freight rates from other countries, following the action of the Argentine, might depress the market. Values were the lowest in some time, with liquidation on a fair scale. However, in the latter dealings, a sharp recovery at Winnipeg was a factor, and we are told that Canadian cash offerings had been temporarily withdrawn and that shorts at Winnipeg covered rather freely. In any event, Winnipeg prices advanced nearly 2¢ from the opening level, and this resulted in a rather sharp upturn at Chicago also. Whether it was this news entirely, or whether political events in Europe contributed, is rather difficult to say. Undoubtedly, the latter was a factor, owing to the great weakness in securities and general uncertainty because of rapidly moving events in Central Europe. There was some discussion in political circles that opposition towards Chamberlain was growing and that he might be asked to resign as Premier of England. However, it is doubted whether his foes have sufficient power to bring that about, and in any event, he is to talk over the radio later in the day with regard to Hitler's sabotage of the Munich pact. Meanwhile, there is a certain element in the French Cabinet that feels distinctly disappointed that Germany has been so aggressive in seizing Czechoslovakia, and possibly repercussions may follow.

We do not regard the advance of the wheat market as surprising in the face of today's European news. However, there is still an overabundance in many of the surplus countries so that it is not easy to stimulate new buying without an actual conflagration. The latter is not expected at this time, regardless of the present flare-up, even though a number of stern discussions may take place, but it is well known that up to the present time, these rebukes have been tossed aside by Germany with apparently no fear of final consequences. The routine news remains about the same, and statistically, wheat is in a very bearish position, as we see it. In the Argentine, movement of wheat to ports continues almost unchecked, and arrangements are being made now with certain authorities for warehousing space which is not ordinarily used for grain. Railway stations are rapidly filling and a good deal of wheat has been placed in unoccupied buildings, either in the country or actually on farms. Hopes for a freer export movement do not seem bright at the moment, as freight commitments are small and apparently the Wheat Board is only limiting its offerings to small quantities, as they seem to be afraid that if they did otherwise, they would depress international prices.

The recent Argentine sale of approximately 7 1/2 million bu of wheat that was made to Spain was practically on a barter basis. The shipments will take place during the next three months, but payment will be made in Spanish produce and will require a period of two years. Weekly Argentine shipments were less than two million bu, or about as forecast yesterday, but Australia put a larger quantity afloat, namely, 2,346,000 bu, which was slightly larger than last week. The exportable surplus in that country is estimated at 66 million bu, compared with 74 million last year, so that even with a smaller crop, they have almost as much to contribute for the balance of the season.

The MODERN MILLER points out that the winter wheat outlook this week was favorable. Moisture, followed by higher temperatures, caused the crop to green up in the Southwest. The condition is poor in parts of Oklahoma and also, parts of Western Texas, but Kansas shows fairly general improvement. East of the Mississippi conditions are favorable. The U. S. Crop Bulletin shows February moisture over most of the belt considerably above normal.

Primary receipts were 471,000 bu, compared with 513,000 last week and 317,000 last year. So far this week, Kansas City, Duluth, and Minneapolis stocks show a net decrease of 378,000 bu. This prepares us for a moderate decrease in the visible supply again on Monday, and it will compare with the shrinkage a year ago of 2,866,000 bu.

At the last our May wheat showed an advance of 7/8¢ per bu.

Corn had a better undertone, possibly due to short covering, and also in sympathy with the leading cereal. The primary movement was very light --about equal to the shipments-- but apparently, the heavy liquidation which took place yesterday when new lows were established had about spent its force.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO March 20, 1939.

While a certain amount of political tension existed in European capitals over the week-end, there was nothing of a particularly warlike atmosphere, despite the fact that many safe-guards were taken by most nations to meet almost all emergencies. In France, Daladier was voted full powers, and this evidence of confidence was reassuring. In Britain, a section of the Cabinet was still urging conscription without delay, and possibly these protective measures are all in the best interests of peace. At Paris, the Bourse broke rather badly, with sharp losses, and in England, stocks were also quite a bit weaker, but there was very little excitement in our country; in fact, securities were rather steady during the first few hours. It had been quite evident for several days that speculators would not venture very far in either direction, pending European developments, but inasmuch as there has not been a real issue other than the political one for several weeks, this is easily explained. During most crises, foreign exchange values are very closely watched, but no clue to the situation was gained during the past week, as neither sterling nor the French franc moved more than fractional points during the whole period.

When our market opened this morning, it was influenced by the slightly higher Liverpool quotations, and of course, there was still some speculation as to which way Rumania would finally turn. Late last Saturday she had asked Great Britain point blank whether she could expect support in the event of aggression, but it seems that in the meantime she had also made advances toward Germany by way of trade negotiations, and the way things stand at the moment, the German government is understood to be preparing a declaration in regard to German intentions. Germany has claimed that she desires only good economic relations with both Poland and Rumania; therefore, there was no immediate excitement on that score. Statistical news continues of about the same tenor. World shipments were slightly over 11 million bu, and at this rate, import requirements will about be cared for. This was a slight increase over the past week. However, the amount on ocean passage decreased about four million bu, and is now considerably smaller than a year ago. Until larger quantities are placed afloat by the Argentine there is no chance for radical change.

Export business from the United States is almost negligible, and even the milling inquiry at the moment is only moderate; therefore, not a great many hedges are being removed at the present time, and it is our thought that should political tension ease after the short covering which has taken place here, our market would be in a weaker technical position. There is still the tremendous surplus in the Argentine, and while it was partially relieved by a large sale last week on a barter basis, presumably to Germany, there is still more wheat left in the country for export than last year's entire crop.

Eyes will soon be focused on growing wheat conditions. In another month the government will give us the figures on the amount of abandonment of winter wheat. Our own reports are rather encouraging in this respect. Last week, figures were published on the intended acreage of spring wheat, and on basis of about 19 1/2 million acres, and good moisture conditions, there is every likelihood that combined winter and spring wheat crops will be well above domestic requirements.

Primary receipts were 768,000 bu versus 764,000 bu last week, and 524,000 bu last year. The visible supply showed a decrease of about 2 million bu, and total stocks in the country are just under the 80 million bushel mark, or about 26 million bu in excess of stocks on hand in 1938. Supplies at Chicago decreased 303,000 bu for the week, but there is still 7,666,000 bu in the city in elevators and afloat. This appears ample for all purposes.

At the last May wheat was very little changed from the previous session, and fluctuations were within as narrow a range as one could possibly imagine.

Corn was weak early, but firmed up without much feature to the market. The primary movement was just fair, but commercial demand is somewhat disappointing.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

March 21, 1939.

It is rather difficult to determine whether the recent break in securities was attributable solely to European political events. It is true, there had been restoration of confidence when Washington announced some weeks ago that business appeasement would be tried in such a way as to encourage industry. As time went on, it became apparent that deeds, as well as words, were necessary; and some business leaders are now beginning to hesitate and wonder. Then, also, it could never be forgotten that with the mounting expenditures and recurring deficits the limit of our national debt would be reached about July 1, 1940. Something must be done to meet this serious situation. With raising of our debt limit sharply opposed, the President has asked that the present bond limit, 30 billion dollars, be raised; this maximum was raised from 25 billions last year. Economists and businessmen alike agree that the government cannot continue to spend such excessive sums without increasing taxes to provide current revenue to meet the appropriation. However, taxes are already so heavy that to increase them would be an additional burden on industry. Furthermore, additional taxes would act as a deterrent to the revival of business and would handicap the government's own effort to increase national income.

With the more peaceful outlook in Europe, sentiment veered to the buying side of stocks and before our wheat market opened there had been a substantial recovery, which was cheerful. This led to the belief that after the recent short covering in wheat, values might again tend lower and there was liquidation in the first few minutes of trade that carried prices off nearly 1¢ a bu. The fact that foreign markets led the way with Winnipeg quotations at one time showing losses of 2¢ a bu also created hesitancy on the part of new buyers. On the whole, liquidation here was of small proportions and apparently a good many people are still holding on hoping that during the present period when crop scares often occur they may have a little better opportunity to sell out accumulated lines.

There was nothing very encouraging in Broomhall's foreign comment. He claimed that the reactionary tendency was due to the threat of increasing hedging pressure from the Argentine, of large arrivals in the United Kingdom, and total absence of demand from millers. European weather and crop news is fairly favorable, with acreage probably up to that of last year, although chances for yields as high as the 1938 standard are very slim, as last year was rather the exception, when most propitious weather favored the crops almost during the entire growing season. In any event, there is no need for as much grain being raised, with such heavy surpluses in many countries, and further, there is no likelihood that a second year will be needed when reserve stocks will be put into elevators for war emergencies. In Australia, good rains have been received during the past few weeks, and it is now reported that soil conditions are satisfactory throughout most of the country. Preparations are proceeding and new wheat will start being seeded in the early regions next month.

Secretary Wallace, before the House Committee, stated that price-supporting devices of the present farm program should be continued. He said that the AAA program has served to guard agriculture from the full impact of the disquieting world situation and also, from the decline in domestic business conditions. We presume this would indicate that subsidy selling will be urged for the next year, but should there be retaliation some day by countries who might impose a countervailing tax upon our exports, as this country has recently done upon shipments from Germany, it might create a somewhat embarrassing situation.

Primary receipts were 513,000 bu versus 369,000 bu last week and 294,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 49,000 bu.

There was very little feature to the market, lowest prices were made shortly after the opening, and without further liquidating sales prices recovered fractionally, with May wheat at the last 1/2¢ per bu lower.

Corn was comparatively steady. There was no important feature, except that Argentine prices have improved during the past few days, but in spite of this, export business remains dull, and there is inquiry for only a few afloat parcels.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO March 22, 1939.

The Fascist Grand Council gave blanket approval of Hitler's xpansion program in Central Europe, and this was further assurance hat Italy and Germany were still closely bound in political unity. here had been a rumor yesterday that Mussolini was not entirely atisfied with Germany's policy of aggression, but apparently this tatement was without foundation. With Lithuania prepared to surrender emel to Germany, there was reason to believe that the totalitarian ountries were still in pursuit of further claims and this unsettled nvestors both in Europe and here, with all security markets very weak his morning. With apparently complete adherence to the Rome-Berlin xis, there is a certain amount of disquiet in Europe again, with taly warning the allied powers that any attempt to stop Germany may ead to trouble. The surrender of Memel is in itself unimportant beause its population is comprised largely of Germans, but it simply hows how a dictator can obtain additional territories with apparently ery little protest.

When our wheat market opened this morning, there was a fair mount of short covering. It seems that a number of traders who are nspired by actual grain news have made sales on numerous occasions hen political events in Europe looked fairly calm, but the moment inor disturbances have occurred they covered, and today was again one f those sessions when shorts sought comfort by evening up commitments. ost of this trade has taken place within very narrow limits, and gain we find the market around the 68¢ level, where it has been for everal months. One of our friends in Europe who bought wheat at that igure last August wrote us recently that there was never enough profit n the long side to tempt him, and yet not sufficient loss to cause im to liquidate. This state of affairs is unintersting to those who xpect more action, but yet we see nothing in the immediate future to hange it, unless prices the world over go to a basis where confidence an be restored and where consuming nations put away large supplies ecause they feel that the risk is at a minimum. Of course, with the ontinued threat that subsidies in the Argentine or in other countries ay be increased, and that wheat may be thrown upon world markets in reater volume, there is not much chance for this to happen, unless here should be serious crop damage later on. We feel, however, that he situation intrinsically is bearish and that the withholding of upplies artificially will not do much to correct the fundamental weakess.

Liverpool prices were fractionally higher, the close showing an dvance of 1/4 to 3/4¢ a bu. This would not indicate much scare on art of Europe, and overnight reports indicated only a small scattered usiness, mostly in Manitoba wheat to the U.K. from the Pacific Coast. Some weeks ago much had been heard of the drought in India, which might ave meant a very poor crop for that country, but with rains that were pparently timely, the final outcome of the wheat crop is expected to e substantially above early figures, and now it is claimed that the eturns may be almost as large as the yields of 1938, which was a articularly good season.

In this country there was very little change in the character f the news. The government weekly weather and crop report was fairly avorable. They stated that the crop is in a satisfactory condition in ost places east of the Mississippi River, with greening up reported rom Ohio Valley sections. West of the River, grains are greening as ar North as Iowa and Nebraska, and good progress is reported in issouri. Moisture is claimed to be sufficient for the present in oth Nebraska and Kansas, with considerable growth showing in southern ortions of Kansas. Oklahoma has not fared so well, and rains are eeded; wheat is apparently in a poor condition in most of the State. n Texas, progress was fairly good, except in west central districts, here it is still dry.

Primary receipts were 441,000 bu versus 355,000 bu last week, nd 360,000 bu last year. So far this week Kansas City and Minneapolis tocks show a total decrease of 183,000 bu.

With limited buying power by outside investors the market made poor response to political uneasiness, and at the last May wheat was nly 1/4¢ per bu higher.

Corn was firm, with trade rather light. Further sales of afloat arcels were made to Europe, but new export business is still disppointing.

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CHICAGO MERCANTILE EX.

CHICAGO March 23, 1939.

It is often difficult to judge European political events without a full understanding of the various cross currents. There can be no doubt that Mr. Chamberlain felt uneasy prior to the Munich pact, both about the British air force, and possibly he was more profoundly alarmed about the state of civil defense. During the past months however, there has been a tremendous reawakening to the needs of defense measures, and it is, therefore, interesting to make an examination of what has occurred in England since 1922. During the post-war period, when England devoted most of her efforts in the direction of trade expansion, it was generally felt that no major war was to be expected for a period of ten years, and between 1922 - 34 the total expenditure of the three fighting services averaged about $600 million a year; in 1935 total defense estimates rose slightly, and by 1936 they amounted to nearly $1 billion. By 1937 they had risen further to the $1 1/2 billion mark; in 1938 to $2 billion, and at that time the army, the navy and the air force each spent as much as the total annual defense estimates had been during the period between 1922-34. This brings us to 1939, during which Great Britain will spend almost $3 billion on defense. Of this, the air force alone will absorb over $1 billion, and for the first time in her history, that expenditure will largely exceed the amounts allocated to the older services.

It can thus be seen that the element of time is in many ways a factor, and might have been necessary, even at the risk that Germany was also strengthening her position through territorial acquisitions during this period. Germany no doubt was fully cognizant of this fact, and, therefore, grabbed what she could, with the hope that England might not strike until she was in a stronger position.

News from Europe this morning was a little more conciliatory. Mr. Hitler made his appearance at Memel with the utmost dispatch, and then returned to Germany. Soviet Russia agreed to a four-power declaration aimed against Nazi aggression at the same time that Great Britain and France were reported to have exchanged written assurance of mutual support against German attack in Western Europe. As a result of this unified action, securities were stronger in London, and advances there were quickly reflected here. It also had a slightly bearish effect on our grain prices, after the recent short covering, although declines here were quite nominal, and there was not a great deal of interest. Liverpool prices closed 1/8 to 5/8¢ per bu lower, and other than the political news, there was not a great deal to influence that market. Estimated Argentine shipments were about 2 1/4 million bu, which is slightly larger than last week, but still extremely small considering the huge surplus still remaining in that country. Black Sea shipments, including a small quantity from South Russia, were 623,000 bu, which is also very meager, being less than last week and only about half as large as last year.

On the Continent it was reported that Greece was negotiating for the purchase of some wheat --Spain was in the same position, but undoubtedly their requirements can be acquired from Rumania, and we do not believe this will be much of a market factor. In our country there is no important feature at the moment. Milling demand is fair, but even with comparatively low prices, there is no unusually large buying on part of bakers. There are some very good reports from Kansas on growing conditions, and should we get moisture with intermittent regularity there is still a chance for a good crop, despite the poor start.

Primary receipts today were 498,000 bu versus 478,000 bu last week, and 284,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 253,000 bu.

There was not a great deal of speculative support, although buying by one or two brokers steadied the market, and it may have been the removal of hedges against overnight flour business. At the last May wheat was 1/8¢ per bu lower.

Corn trade was extremely quiet, probably worse than yesterday when only 3 million bu were traded in the pit. Declines were largely in sympathy with the leading cereal. The primary movement was small as compared with last year, but still larger than the shipment.

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CHICAGO MERCANTILE EX.

CHICAGO March 24, 1939.

European political news was of a more quiet nature this morning, although in some quarters apprehension was expressed, owing to the fact that the proclamation issued by Hitler at Memel yesterday differs somewhat from the official text which was later released. The latter is interpreted as containing more veiled threats on the Colonial situation than the actual words as spoken by Hitler. It was furthermore reported from one source that Poland was unwilling to participate in the proposed British-sponsored program to "STOP HITLER", unless same contains definite agreements against aggression, although negotiations are still being carried on.

Great uncertainty still prevails and the flow of gold into the United States is so heavy that many steamers are carrying quantities of the precious metal far above the limit permissible under insurance rates, with the consequence that these rates have been increased sharply. Lloyds of London have announced general increases in war risk for cargoes, but the largest increases are on shipments from or to Baltic ports.

Liverpool prices were lower, showing declines of 1/2 to 5/8¢ a bu, with the new May closing only a fraction above the low for the season. Broomhall comments on the lack of demand in that country. Despite the European situation, England does not seem to be concerned about its ability to obtain supplies.

There was some scattered moisture in the Southwest, with the possibility of more to follow. A message from Dalhart, Texas, states that largely because of soil moisture that ranges from three to ten feet in the Texas Panhandle and in adjacent areas of Oklahoma and Kansas, wheat has so far been damaged but very slightly by windstorms. In looking over figures released by the Weather Bureau of the U. S. Department of Agriculture, we find that for the period during December, January, and February, the State of Kansas received 87% of normal moisture, Oklahoma 113%, and Texas 110%, although for the month of February, Texas only received 75% of normal moisture, while Kansas received 121%, and Oklahoma 106%. While the recent moisture in Texas has been below normal the Panhandle of that State has been favored more than the average for the State as a whole. The snows and rains in the Southwest, coming just prior to the growing season, are bound to be most helpful. The tone of the Modern Miller report issued today is quite optimistic on most sections of the winter wheat belt, with the possible exception of parts of Oklahoma and west central Texas, which still need moisture.

Yesterday the Department of Agriculture issued figures showing that from July 1st until March 18th, the equivalent of 91,600,000 bu of wheat had been sold for export from this country, and that they were within 8,400,000 bu of obtaining their objective. In analyzing these figures, it should be borne in mind that they also include the amount of wheat ground in bond. This has been averaging approximately 200,000 bu a week, and with 15 weeks remaining, it would account for around 3 million bu. Undoubtedly some of the wheat and flour for export will be sold from the Pacific Coast, and usually very little of this wheat is hedged in the Chicago market. Consequently, the quantity to be supplied by other points is rather limited and should have no great effect on this market.

The tenor of our domestic news remains the same, and with the feeling of uncertainty over power politics in Europe, there seems to be very little incentive for traders to assume a position. Some comment has been made about the lack of milling demand, but in looking over the statistics, we note that for seven months starting July 1st, there have been 286,954,932 bu of wheat ground into flour versus 279,975,923 bu in the like period of 1938, or an increase this season

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of seven million bu, although our exports of flour were equivalent to one million bu more than last season. It would appear from the above that consumption continues at about an even rate.

Primary receipts today were 565,000 bu versus 471,000 bu last week, and 395,000 bu a year ago. So far this week stocks at Minneapolis, Kansas City, and Duluth show a net decrease of 74,000 bu, indicating that the decrease in the visible on Monday will probably not be as large as last year when it amounted to 2,771,000 bu.

At the opening of the session our market responded to the lower Liverpool cables, although buying by one or two brokers seemed to steady the market. At the close May wheat was 1/8¢ per bu lower.

There was a little corn worked for export, and the new-crop months in the Argentine held steady. The early weakness in wheat was somewhat reflected in this cereal, but at the close the corn market was unchanged.

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CHICAGO March 27, 1939.

The political tension in Europe was eased somewhat by Premier Mussolini's speech delivered on Sunday. Relief was felt that he limited, rather than expanded, his demands against France. It is believed that the door has been left open for further political jockeying and that no serious crisis in the relationship between Italy and France is imminent. In the opinion of many authorities, the settlement of claims surrounding Djibouti and the Suez Canal do not present any insurmountable obstacles. The crux of the situation seems to be the final demands regarding Tunisia, and it is not clear from the Premier's speech whether he merely wishes recognition and further rights for the Italian minorities in that section, or whether he will demand actual territorial additions. If it is the latter, will it mean that he is interested in obtaining territory adjacent to Libya, or land abutting the Mediterranean? The latter would lead to the most serious situation, not only from the standpoint of France, but that of England as well, as she is very much concerned in trying to have the balance of power in the Mediterranean left intact.

Apparently England viewed week-end developments calmly, as their stock market was slightly higher, and wheat cables were lower than due, finally closing from 1/4¢ lower to 1/4¢ higher. Arrivals of wheat at U.K.ports continued heavy and are more than adequate to cover the limited inquiry on the part of millers.

There were again some scattered rains in our Southwest over the week-end, and the prediction is very favorable for general snows or rains over the entire belt. The Bureau of Agricultural Economics reports that during the past week winter wheat made generally favorable progress, with rains still needed in Oklahoma and the western portion of Texas. There was practically no inquiry from abroad for United States wheat, although a little was worked from the Pacific coast to go to China. The lack of demand from this country is not surprising when one considers that 63 1/2# Rosa Fe wheat is offered for April shipment at 57¢ CIF Liverpool.

Reports on winter wheat sowings received from Europe indicate that for 13 countries the sown area for 1939 amounts to 58,919,000 acres vs. 57,903,000 in 1938These same countries had a winter wheat acreage in 1935 of 58,755,000 acres; so it can be seen that Europe has not changed to any great degree the area under cultivation for several years. Last year Europe had phenomenal yields, producing a combined winter and spring wheat crop of 1827 million bu, against an average for the previous few years of approximately 1550 million bu. A large portion of last year's surplus was used in building up security stocks, which will probably not have to be repeated this year; therefore, even though the normal yield on this year's acreage should be considerably less than that of last year, we do not believe import requirements will be any heavier in face of the great economies being practiced.

Reports from our Northwest indicate seeding of spring wheat is proceeding, although about a week later than last year. However, work is progressing and this morning Aberdeen, South Dakota, reports that about 25% of the wheat seeding in that territory has been completed. Reports indicate that top-soil moisture is good, but subsoil moisture is not plentiful.

World shipments this week totaled 7,447,000 bu versus 11,164,000 bu last week, and 9,167,000 bu for the same period last year. Of this quantity, North America only contributed 1,463,000 bu, while Argentina shipped 2,484,000 bu, and Australia 2,308,000 bu; the Black Sea furnished 683,000 bu. The amount on passage shows a fair decrease, totaling 29,816,000 bu versus 33,160,000 bu last week, and 40,976,000 a year ago.

(OVER)

The visible supply showed a decrease of 1,358,000 bu against 2,771,000 bu a year ago, and now totals 78,464,000 bu, or 27,464,000 larger than last year. Chicago stocks decreased 245,000 bu, and now total 7,421,000 bu. Primary receipts were 614,000 bu versus 768,000 bu last week, and 657,000 bu last year.

Our market responded to lower cables, and favorable weather predictions. Interest continues very light, but with satisfactory crop conditions in a large portion of the winter wheat belt think finally wheat should sell on a lower basis. At the close the May future showed a decline of 3/8¢ per bu.

The visible supply of oats today decreased 378,000 bu, and the total is now 12,505,000 bu compared with --

21,157,000 bu in 1938
17,000,000 - 1937
37,000,000 - 1936
13,000,000 - 1935

The last mentioned year followed a total crop for the entire country of a little over 1/2 billion bushels, and the price was considerably higher. Chicago stocks of oats are small, totaling 2,419,000 bu, and supplies at Minneapolis and Duluth are only a little over 8 million bu. There is a steady, moderate demand for this cereal, and consumers apparently are not well stocked, and have to rely on terminal markets for current supplies. Oats have gained some friends, but the trade is light, and there is a lack of aggressive buying, probably due to the general reluctance of other commodities to advance.

In spite of lower wheat prices corn remained firm throughout the entire session. It is reported that fair quantities were worked for export. The visible supply showed a decrease of 1,125,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO March 28, 1939.

Uneasiness was felt over the Polish situation, with the German propaganda machinery being set in motion, much the same as took place in Czechoslovakia prior to the Munich crisis. However, it is believed, in many quarters, that Hitler can take possession, without any resistance on part of democracies, of the free city of Danzig, which is about 96% German. English markets, as a rule, are one of the best barometers to watch for the appraisal of coming events. Grain prices in Liverpool recovered from early weakness, but this advance could certainly not be interpreted as indicating fear of war. The securities markets in both England the United States were rather weak; therefore, it might behoove us at times to cast about for reasons other than political crises.

Many of the economic principles on which the world has thrived and developed during the past 100 years, or more, have been set aside, at least temporarily, and normal trade channels have been greatly distorted. Germany has resorted to the primitive practice of barter, and has recently signed an agreement with Argentine whereby she will receive some wheat from the latter country in exchange for railroad equipment, including sleeping cars and locomotives; she has also purchased on a barter basis the entire cotton crop of Nicaragua; also, other products, such as coffee, cottonseed oil, rubber, and hides, in exchange for barbed wire, nails, Diesel trucks, automobiles, hardware and pharmaceutical products.

Other countries have resorted to subsidies and excessive import duties. In the United States we have been attempting recovery by spending, which is a long step from thrift, economy, and efficient management. Formerly, economic progress was measured in terms of the improvement in living conditions, and human ingenuity was devoted to the betterment of the lot of the human race. Today in Europe this condition does not exist, and even though we note that the number of unemployed in England showed a decrease of 142,000 in February, as compared with January, it shows no real progress, as country after country has been caught in the mad race to acquire armaments. Science and effort have been diverted from peacetime to militaristic uses, and old standards of commerce and trade thrown overboard.

After early weakness, Liverpool cables closed somewhat higher , showing an advance of 1/4 to 5/8¢ per bu. Purchases by China of several cargoes of Australian wheat, as well as some from the Pacific coast, had no particular influence upon that market, and the demand on part of millers remains rather indifferent. Liverpool wheat stocks have again increased, totaling 7,216,000 bu against 2,408,000 bu in 1938. A large part of this wheat is government security stock which is released to the trade from time to time, and replenished with new purchases.

In breaking down the small shipments from North America this week, we find that 940,000 bu were supplied by Canada. This is much smaller than the Canadian shipments have been running of late; for the past five weeks they averaged around 2 1/4 million bu weekly. So far this season Canada has furnished a total of 108 million bu for export against Broomhall's total requirements from that country for the season of 144 million bu. In order to fulfill their quota, shipments should average from now on 2 million bu a week. Normally this should not be particularly difficult to attain, as usually with the opening of navigation Canadian exports pick up, due mainly to the fact that the period of maximum clearances from Argentina has passed. This year. however, the situation may be entirely different, as our neighbor in South America is left with a large quantity of wheat to be disposed of. The amount still available in Canada for export and carryover is about 166 million bu compared with 48 million bu; so even should they furnish the entire quantity mentioned by Broomhall, it would leave them with an unusually large carryover.

(OVER)

Moisture overnight was again very beneficial in our Southwest, extending into Oklahoma and Texas, where most needed. The Rock Island Railroad reports as much as 1/2 to 3/4 of an inch of rain in a good part of their territory, which includes sections of Oklahoma. The Union Pacific Railroad claims 1/2 to 1 inch moisture generally over their entire territory. There is further moisture indicated for Kansas, Oklahoma, and Texas today and tonight. Private experts will issue their reports a week from today on the condition of winter wheat, and the government will give its first report on April 10th on conditions as of April 1st. Moisture received during this month certainly should be reflected in an improved crop prospect.

In examining the figures issued by the Commodity Exchange Administration, the open interest in May wheat as of the close of the market Saturday, March 25, 1939, shows a decline of about 6,400,000 bu from March 1st. However, there are still 37,912,000 bu still open, and in view of the rather light trading we would consider this a rather substantial interest still to be closed. Considering the liquidation to come, and the improved crop prospects we feel that wheat will sell on a lower basis.

Primary receipts today were 404,000 bu versus 513,000 bu last week, and 387,000 bu last year. Stocks so far this week at Kansas City and Minneapolis have decreased 29,000 bu.

At the opening our market responded somewhat to weather reports and lower cables, but rallied on strength in the Winnipeg market. It was reported that about 500,000 bu of Manitoba wheat had been worked for export, which necessitated the lifting of hedges. There were further indications of purchases on part of government agencies, as well as cash transactions in the Southwest. At the close our market showed an advance of 1/4¢ per bu.

There was very little change in corn; fluctuations were rather nominal, although a better export demand has been reported.

Oats were also rather neglected.

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CHICAGO MERCANTILE EX.

CHICAGO March 29, 1939.

There were no further overnight political developments to cause additional uneasiness, but Europe continues to be a seething tea-kettle. After the close of our market today, Premier Daladier will deliver an address which might throw some light on further negotiations between Italy and France. The great difficulty of appraising the day-by-day outlook is the uncertainty as to what is in Hitler's mind, as on several occasions his instincts and intuition have overridden the opinions of his general staff. His actions will no doubt continue to be dominated by his ability to recognize the psychological moment to strike. In the meantime, reports indicate that internal conditions in Germany must be causing some concern --the shortage of labor has led to greater restrictions and longer hours of work. Figures reveal that for the month of February, Germany had an unfavorable balance of trade amounting to RM 60,500,000, as compared with RM 30,500,000 in January, and for the first two months of this year, imports exceeded exports by RM 91 million.

Very little inspiration was obtained from the Liverpool cables, wheat closing from 1/4 higher to 1/4¢ lower. Broomhall comments that so long as the future remains uncertain, countries involved will continue to carry emergency stocks of wheat and that the presence of these reserves are depressing values and preventing normal purchases by the trade.

There were again very good rains in many sections of the Southwest, Enid, Oklahoma, reporting almost 2 inches in 48 hours. From all reports which we gather it now looks as though the recent rains have been highly beneficial, with the possible exception of in Texas, and that prospects are greatly enhanced. The government weekly crop report comments that generally speaking in the plains North of Oklahoma current soil condition is largely satisfactory. Since this report was compiled additional moisture has been received in Oklahoma. Conditions east of the Mississippi also are mostly favorable.

Within a few days we will receive reports on prospective yields per acre for winter wheat as of April 1st. In taking the figure for the ten years from 1928 to 1937, we find that the average acreage planted to winter wheat was 46,996,000 acres, which is rather close to the planted acreage of 46,173,000 this season. For these ten years the average condition on April 1st was 73.8, indicating a yield of 11.9 bushels per acre on the planted acreage. During this same period the abandonment averaged 18.8%, but it must be borne in mind that these ten years included the four severe drought years, which, naturally, raised the abandonment figures materially. The final average yield per acre after deducting the abandonment amounted to 14.5 bushels per acre. We also find in analyzing the figures that during the above mentioned years the final crop averaged almost 45 million bu larger than the April 1st estimate.

While in the past wide variations have taken place in crop prospects at this time of the year, with the splendid moisture which has been received over the major portion of the winter wheat belt during most of March, we believe that the abandonment will not be as excessive as earlier contemplated, and that the condition should be considerably improved from that given in December: namely 72%.

Primary receipts amounted to 413,000 bu versus 441,000 bu last week, and 353,000 bu the previous year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 198,000 bu.

The export demand was very dull again, and there does not seem to be evidence of any large flour sales. The flour bookings last week were larger than similar period a year ago, and in the Southwest, bookings averaged 52% of capacity against 36% the week before, and only 20% a year ago. In the Northwest, bookings declined from 65% to 57%, which compares with 30% in 1938.

(O V E R)

The session was again a rather uneventful one, and little attention seems to be paid at present to weather conditions. The open interest in May wheat declined only 161,000 bu, and still totals 37,374,000 bu. We believe that when liquidationsets in prices will seek lower levels, and while it may take a great deal of patience those favoring the short side will finally be rewarded. At the close the May wheat was 1/4¢ per bu lower.

Corn also moved in a rather narrow range. The latest release of the Commodity Credit Corporation report showed 191 million bu of corn tied up under the 1938-39 corn loan. In addition to this there are 26 million bu of the previous crop, making a total of 217 million bu. Applications for loans will continue until the end of this month, so this quantity will be somewhat larger when all requests are acted upon. It is interesting to note that primary receipts to-date have been 90 million bu; the largest in any of the past six years, with the exception of the previous year, when we were doing a large export business. Usually less than 10% of the corn grown appears in the primary receipts, and of these receipts approximately 40% find their way to market by this time. So on the surface it would appear that the supply of corn available for commercial use is about normal, and that the corn loans are not handicapping the commercial demand. There has been some export business passing recently, although new crop Argentine corn for May shipment is being offered several cents cheaper than ours. Therefore, our time for exporting might be rather limited.

Oats were also neglected the same as the other cereals.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO March 30, 1939.

Shortly after the close of our session yesterday, the anxiously-awaited speech of Premier Daladier was delivered. It was a dignified, quiet talk, and quite different from the bombastic utterances of the dictators. It indicated strengthing of the morale of the French people, and while it was firm in tone, it still left the door open for further negotiations along certain lines. Apparently, from the action of both the grain and stock markets in England, the speech was not regarded as creating any new crisis. It made a favorable impression, and while the British Cabinet was in session this morning, it was not deemed necessary to have an afternoon meeting.

Liverpool cables were entirely indifferent and closed unchanged to 1/4¢ higher. The cash demand in that market is very quiet and indications point to larger shipments from the Argentine this week.

There was practically no additional moisture reported in our Southwest overnight and the indications are for clearing and warmer weather. However, the rains the past week in many parts of that section have been quite copious. In our Northwest seeding is progressing, although it has been probably hampered the last few days by weather conditions. Since making mention in our market letter earlier in the week, Aberdeen, So. Dakota, now reports that about 40 to 50% of the wheat is seeded in adjacent territory.

The weather in France has been cold, but is now improving. However, it has delayed spring sowing owing to the excessive amount of moisture, as well as the cold. In Australia, the wheat crop will go into the ground this season with fairly ample subsoil moisture, and further heavy rains were received recently. Broomhall reports that estimates for the 1939 wheat crop in India have been raised to 356 million bu, which compares with the final outturn last year of 402,453,000, and the five-year average of 349,440,000 bu.

The Argentine situation this year is quite unique, and due to the holding tendency in that country a large surplus has been left for sale. In previous seasons the bulk of the shipments have been made before competition was felt from the Northern Hemisphere. However, this year, as of March 24th, it is estimated they will still have 201 million bu available for export until the end of December, and carryover at that period. It is difficult to figure what their weekly shipments will be, as it is impossible to know whether they will enter into other barter agreements. Up to date they have been running around two million bu a week. Using Broomhall's estimate of weekly world shipments of 10,825,000 bu from March 24th to July 31st, Argentina might furnish three million bu a week. With 18 weeks to go, it would leave that country with 157 million bu available on August 1st, which is the beginning of the world crop year, and going through the records back to 1927, as indicated by the table shown below, we find this to be a record amount:

Argentine Surplus on August 1st.
(million bu)

1927	49	1933	50
1928	68	1934	90
1929	109	1935	50
1930	35	1936	30
1931	49	1937	20
1932	33	1938	29

The glut of world supplies is also aggravated by Canada's position. As of March 24th, the amount of wheat available for export and carryover was 165,929,529, against only 48,107,373 bu last year, and if Canada would furnish approximately 2 1/2 million bu a week for the 18 weeks remaining, it would still leave them with a carryover of 110 to 120 million bu.

(OVER)

Primary receipts today amounted to 523,000 bu versus 498,000 bu last week, and 311,000 bu same period a year ago. KansasCity and Minneapolis stocks so far this week show a net decrease of 256,000 bu. The open interest in May wheat declined yesterday 381,000 bu, but still totals 36,993,000 bu. The little buying which comes into the market each day covering cash transactions here and elsewhere seems to be enough to steady the market. There is a fair demand for wheat for milling purposes, which seems to be stimulated partially by the fact that there is a good profit in the offall products, although actual flour sales are not extraordinary heavy. Our market was quiet during most of the session. However, towards the close there were some unconfirmed reports of disorders in Poland, which caused weakness in the stock market and strength in grains. At the close our May wheat showed an advance of 3/8¢ per bu.

Not much interest was shown in corn. The export demand on this country is light, and seems to be replaced by sales from the Argentine.

Oats and rye drifted with the general market.

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CHICAGO March 31, 1939.

Prime Minister Chamberlain, in the House of Commons, this morning, pledged military aid to Poland, and further stated that the French government had asked him to make it plain that they stood in the same position. The statement of the Prime Minister was no doubt hastened by reports that German troops were being concentrated on the Polish frontier, suggesting the danger of a march by Hitler during the week-end into Danzig and the Polish Corridor. This action on the part of the British government, in conjunction with the speech of Premier Daladier on Wednesday, may prove to be the turning point in the action of the aggressor nations. In the final analysis, it is probably correct to assume that neither the democracies, nor the dictator nations, want a major war, but because of undecided policies on part of England and France, Hitler has been able to threat and cajole, with tremendous benefits to Germany. Whether or not he might have met his Waterloo now that the democracies have consolidated on a policy, remains to be seen, but in the present state of turmoil any unfortunate incident might set off the torch. Economic and financial conditions in Germany have become steadily worse, and the question which seems to be unanswerable is, Will internal conditions cause the Feuhrer to hesitate, or to take a desperate step? Their capital market has become so strained that he has now taken full control of the Reichsbank, which means further seizure of private capital and property. Developments over the week-end may have far-flung effects.

Liverpool cables closed unchanged to 3/8¢ higher, influenced by the firmness of our market yesterday; also a better cash demand, with small offerings fromAustralia, although the Argentine is putting larger quantities of wheat afloat. There was a better demand over night for Manitobas and it is reported that substantial quantities were worked, but the export demand from the United States was practically nil.

The Modern Miller in their weekly sheet states, "That recent rains in the Southwest were of material benefit to winter wheat and the outlook in dry sections of Texas and Oklahoma is improved. The moisture was also better in parts of Kansas. Preliminary reports indicate that abandonment of acreage this spring will be below the amount anticipated last December." The first private estimate to be issued was given out by Mrs. E. H. Miller, indicating a condition of 70.6, with a suggested yield of 523,635,000 bu of winter wheat. It must be borne in mind, however, that reports at this time of year are almost meaningless, and Mrs. Miller qualified her estimates with the statement that it is too early for a reliable report, and that although she gives Kansas, Nebraska, Oklahoma, and Texas a comparatively low condition, improvement is being shown in most sections of these states, due to recent precipitation. Further private reports will be issued by Tuesday of next week. The stock market again suffered a severe sinking spell, and this cannot be attributed entirely to the European situation, as London prices during their session remained firm. As a rule, the stock market anticipates coming events, and the present declines may indicate an appraisal of the effect of lower commodity prices on the general business situation. However, traders in the pit seem to prefer to remain on the side lines during the uncertainties existing in Europe, and very little attention is paid to the domestic situation.in wheat.

The volume of trade remains light. There are enough hedges lifted every day to maintain the market, as no one seems to want to aggressively take a short position, and there is no new pressure coming on the market at present. No further moisture was reported overnight, but following the rains of the past ten days, clear and warmer weather would be welcome in most sections. At the close May wheat showed an advance of 1/8¢ per bu compared with yesterday.

Primary receipts today amounted to 507,000 bu against 565,000 bu last week, and 340,000 same period last year. Kansas City, Duluth and Minneapolis stocks show a decline so far this week of 183,000 bu, possibly suggesting that the decrease in the visible will be somewhat similar to last year, when it totaled 1,707,000 bu.

Export corn offerings from both the United States and Argentina are firmer, but only a moderate inquiry is reported. Corn primary receipts hold up pretty well and amount to 595,000 bu today versus 557,000 last week. There is a fair domestic demand. Oats had but small fluctuations, although the demand from commercial channels seems to be maintained.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 3, 1939.

There were no developments in the European situation over the eek-end to cause any immediate uneasiness. It was stated, by what s presumed to be informed quarters, that Prime Minister Chamberlain as offered a pledge of protection to Rumania, similar to that given oland, and the speech of Hitler on Saturday was not interpreted as eing unduly belligerent. It appears (at least on the surface) that he United action of the democracies is restraining the dictators rom taking any further antagonistic steps for the present.

In the meantime, our security market has shown very feeble ecuperative power. In analyzing the internal conditions existing n several of the major nations of the world, we find that the British udget is set at a peacetime record --$6,375,000,000, or an increase f $1,750,000,000 over last year. Of this amount, $1,150,000,000 will e expended for armaments, and exclusive of any provision for payments gainst their war debt to the United States, the debt services amount o $1,220,000,000. In the United States the debt has risen since une 1932, when it amounted to $19,487,000,000, to approximately 40 billion, and even though interest costs are very low, the service harges on our debt are practically $1 billion, or about the amount f our entire indebtedness in 1913. In analyzing expenditures, we ote that the $708 million expected to be used for AAA payments, is ut only slightly less than our entire indebtedness prior to the War. pparently from the statistical position of many of our farm products, he enormous expenditures of monies during the last ten years have ot proved to be a solution to our farm problems, but have merely een palliatives, or emergency measures, with the final cure in the istant future. So far as industry is concerned, there is no very ncouraging outlook for major capital expenditures; at least, not the ort that keeps manufacturers of durable goods busy, and which in the ast has always been associated with a real business upturn.

Liverpool cables were quite weak, closing prices showing delines of 1 7/8 to 2 1/8¢ per bu, with their new May wheat selling at 8 1/2¢. The demand for actual cash wheat remains small, and that arket was affected by larger world shipments; also, an increase in loating stocks, which were 30,944,000 bu this week versus 29,816,000 u last week.

The weather in Rumania continues rainy with moisture reserves mple. It is reported that Russian spring sowings are less to ate than last year, with the weather generally cold and widespread nows and rains delaying progress. Broomhall comments that it is ot likely that world crops will equal those of 1938 --reports are not ncouraging from France and Italy, and there has been damage in elgium, Holland, and Western Germany. According to Sanford Evans' igures, March precipitation for the three Prairie Provinces of Canada was .65, against a normal of .72. However, for the period fromSeptembe through March, the total moisture received was 6.6 against a normal of 5.66.

In this country there were additional rains in the Southwest over the week-end, with a prediction suggesting further moisture. We are in receipt of some encouraging reports from private sources on crop conditions in our Southwest. One party states that the Oklahoma prospects are very good at present, and with proper conditions from now on, that state could easily make 50 million bu wheat, which is higher than the reports so far released by private experts. Considering that the planted acreage in that state was reduced about 1 1/2 million acres, this would indicate a good outturn. From a very reliable source in Hutchinson, Kansas, who has many stations in the Southwestern part of that State, we received information that the present crop prospects in that territory for this time of year are about the best they have been for the past 15 or 20 years. A party who traveled about 360 miles west and southwest of Amarillo, Texas, advises that with the exception of the territory between Dimmitt to Edmonson, where conditions are very bad, that the rest of the territory varies from "pretty good

(O V E R)

to very good." However, we have also been advised by a party who drove out of Salina, and covered about 400 miles, that conditions in North Central Kansas are as bad as have been seen in many years. Taking the winter wheat belt as a whole, we believe that prospects today are more encouraging, and recent rains no doubt have enhanced the outlook further than will be indicated when all private reports are released tomorrow.

The wheat visible supply decreased 3,060,000 bu against 1,707,000 bu same period last year, and now totals 75,505,000 bu, or 26,111,000 bu larger than in 1938. Chicago stocks for the week decreased 394,000 bu, and now total 7,027,000 bu. Primary receipts today were 857,000 bu versus 614,000 bu last week, and 490,000 bu same time a year ago.

Our market responded to favorable weather reports. There was no export demand mentioned over the week-end. There still is no new pressure upon our market, but time will pass very rapidly, and we will soon be on the eve of the new crop movement, when hedges will have to be absorbed. Meanwhile, there will soon have to be a larger liquidation of the May interest than is taking place at the present time. At the close our market showed a decline of 1/2¢ per bu for the May future, but it did not entirely follow the decline in Winnipeg. We feel that finally the level of prices will be lower.

Corn also showed a heavier undertone. The demand from the importing sources is very inactive. The visible supply of corn decreased 479,000 bu, and now totals 41,999,000 bu.

Oats and rye also suffered with the decline in the other cereals.

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CHICAGO MERCANTILE EX.

CHICAGO April 4, 1939.

There were no disquieting European developments overnight. hile the situation is still fraught with many dangers, the new alignent of European nations and a more consolidated front might cause the ictators to reconsider their plans of aggression, and possibly alter hem to a great extent. All parties in England have become united on heir foreign policy, and unless opposition develops, this should be tower of strength to the nations interested in the "STOP HITLER" rogram.

Very little inspiration was obtained from the Liverpool cables his morning, and their closing range was from 1/8¢ lower to 1/4¢ igher, with their new May making the low of the season. Broomhall omments that reports fromEurope suggested less favorable new crop rospects, but on the other hand, the Argentine is putting larger uantities afloat and seems to be somewhat more aggressive in their esire to dispose of a larger portion of their surplus before the new merican crops come on the market.

This morning we were given the composite report of the private xperts on probable winter wheat production. The average indicates 539 million bu, which is 54 million larger than the official governent forecast of December 1st. Almost all the authorities make ention of improved conditions, due to favorable weather during March. While the acreage is reduced from that planted in 1938, the present growing conditions are a great deal more favorable than existed the past season. Last year at this time, the trade was considerably concerned over the rather severe cold spell which prevailed throughout the Southwest; in fact, serious damage, particularly in Kansas, was done by heavy frost during the early and middle parts of April. So far, conditions are the reverse and the weather is highly favorable for development of the plant. We are receiving quite a number of letters from private sources indicating that in the three southwestern States prospects are for a very much larger crop than suggested by the average estimate just released. This morning, we heard from a very good friend in Amarillo, who is well posted on crop conditions in his section, that the panhandle is good as a whole, and that Texas under proper conditions, could raise 40 million bu/or more this season. The Bureau of Agricultural Economics of the Department of Agriculture in their bulletin of March 24th, states that on the prospective planting report, if average yields are obtained, it would mean a crop of approximately 200 million bu of spring wheat. Adding this to the estimates given out today for winter wheat, it would still indicate a crop in excess of our domestic requirements.

In analyzing the position of the larger exporting countries, we find that Australia is in the best statistical position. Their crop of 151 million bu, while smaller than that of the previous season, was better than those of the three preceding years, They have had a distinct advantage over other exporting nations, as other countries in their section of the world were not favored with bountiful crops. For a while, India was a fair buyer when her present crop was threatened by drought. Their shipments to Vladivostok, Siberia, have probably been heavier than normal. . The most serious competition for the Chinese business has come from the export of our Pacific coast wheat, but from recent figures published by the FSCC, the quantity remaining to be sold in order to complete our export plan by June 30th, is not very large; It is estimated that Australia had a surplus above home consumption of approximately 96 million bu from the current crop, and since January 1st, they have shipped 31 million bu, leaving a balance as of April 1st of 65 million bu against an average for the past seven years of approximately 70 million bu.

(O V E R)

There was further moisture overnight in parts of our Southwest, with predictions for more rains. Interest in the grain market remains rather inactive, with no new pressure at the moment. In fact, the public has become so accustomed to war scares, which in the past have meant lower security and firmer grain prices, that little attention is being paid to the weakness in the stock market, which may be due to other than foreign affairs, and which as yet have had no affect on grains. However, further declines in securities may lead to liquidation on part of discouraged longs. The open interest in the May future continues to decrease each day, but is still approximately 35 million bu.

We received information this morning that seeding is progressing favorably in central sections of the Northwest, and also is quite general in southern Minnesota with soil conditions considered good. Work has now been started in southern North Dakota, and should good weather continue, it will probably get under way quite generally throughout that section. Primary receipts today were 568,000 bu against 404,000 bu last week, and 326,000 bu last year. Stocks so far this week at Kansas City and Minneapolis show a decrease of 26,000 bu.

At the close the May future was 3/8¢ per bu higher.

Corn, oats, and rye also moved in a rather narrow range. Corn primary receipts were 524,000 bu versus 512,000 bu last week, and 1,379,000 bu last year. The export demand remains light.

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CHICAGO MERCANTILE EX.

CHICAGO April 5, 1939.

There were no new foreign developments overnight that ould be construed as affecting the grain markets. At times during he session the Liverpool market showed some strength, but the best dvances were not maintained, and at the close their prices ranged rom unchanged to 3/8¢ per bu higher. There was a disposition on art of traders there to even up commitments prior to the holidays, s their market will remain closed on Friday, Saturday, and Monday. here was a fair demand overnight for Manitobas, but the feeling in iverpool is somewhat tempered by the expectation of larger rgentine shipments, although this week the estimated shipments from he Argentine were 3,674,000 bu against 4,787,000 last week.

Traders were again greeted this morning with very good dditional moisture throughout the Southwest, even extending over he Texas Panhandle. A wire from Amarillo states they had light-o-heavy rains over the Panhandle last night, with 1.60 inch at marillo and still raining. Points in Kansas report rains ranging rom 1/4 inch to as much as 3 inches. The prediction indicates ome further rains and temperatures will probably drop throughout hat section, but no severe cold is expected. The government weekly eather and crop report states, "In the southern Great Plains south f Kansas, fair-to-good advance is indicated except in west central exas, and conditions are still poor in parts of Oklahoma. In ansas, wheat shows improvement in all parts, with growth rank in outhern counties. Very good progress is reported in Nebraska xcept some dry central areas. In the Northwestern plains and acific northwest the outlook continues favorable." They further omment that over the entire belt the week was favorable for the inter wheat crop.

As we are approaching the new crop season, it might be of nterest to consider the situation surrounding the import requirements of Europe. We know that Argentina and Canada will be left with a large surplus from the previous crop, and undoubtedly will ompete for export business. The outlook in the United States at the present time is that we shall have a surplus to offer from the new crop, which might possibly be handled, to a large extent, through government subsidy. Of primary consideration, is the probable size of the new crops in Europe. So far, there have been acreage estimates from most of the large countries indicating about one million acres more sown than last year. However, the total acreage of Europe has not varied a great deal for several years. The past season they had a phenomenal yield --1,837 million bu against 1,540 million the year before, and 1,481,million two years ago. The average yield for the period between 1931 to 1935 was 1,559 million bu. Reports indicate that the damage from a severe cold spell during the winter has not been fully overcome by later seedings; so,under the circumstances, it is fair to expect only a normal yield. Even though yields were large the past season, their imports have amounted to slightly more than the year previous, when the crop was 297 million bu smaller. This was largely due to the building up of security stocks, which,of course, will probably not be repeated to the same extent. Last year the carryover was estimated at 190 million bu, which compares with the 1934 carryover of 366 million bu, at which time the world carryover reached its previous peak of almost 1,200 million bu. Following 1934 there was general curtailment in European imports, and for the season 1935-36 they only totaled 358 million bu.

It is expected that the world carryover this year will be in excess of 1,200 million bu, but a large portion of the European carryover will be held by various governments in the form of security stocks built up during the past season. The one large customer that might possibly be an exception is the U.K. The question has again been brought up in Parliament as to whether the present stock is sufficient to make provisions for a long war.

(OVER)

The government spokesmen have made it plain that their policy to-date has been only to provide a security stock sufficient to meet demands which might occur in the first few months of an emergency, and it still remains a question as to whether or not there will be additions to their stock. Broomhall has stated on many occasions that the government-owned security stocks have supplanted the usual holdings of the grain trade, and a scheme is now being worked out by the Federation of Corn Trade Associations for submission to the government, which they hope will provide a sound and workable plan, whereby full use can be made of the skill, experience and capital of the merchant trade.

The market early in the session responded to favorable crop news, as well as weakness in outside markets, but recovered somewhat. At the close the May future was unchanged, but the July was 3/8¢ per bu lower than the previous day. During the past two days there has been a decided tendency for the May future to show relative strength in comparison to the July; it seems as though many local pit spreaders have become concerned over the May situation, and uncertain as to deliveries. There have been some sales of both red and yellow hard wheat reported out of Chicago the past few days. The open interest in May wheat yesterday was reduced by 593,000 bu, but still is of a rather large proportion --namely, 34,296,000 bu compared with a total interest of all futures of 77,877,000 bu, which indicates a substantial amount of May wheat still to be liquidated.

Primary receipts of wheat today amounted to 505,000 bu against 413,000 bu last week, and 330,000 a year ago. Stocks at Kansas City and Minneapolis so far this week show a decrease of 216,000 bu.

Corn fluctuated within a narrow range, and there seemed to be some evidence of liquidation today. The May open interest in this cereal at the close last night was 31,673,000 bu. Inquiries from importers remain light, and advices from the Argentine suggest that conditions are favorable for the corn harvest, and same is now under way, with receipts at seaboard points starting to increase. Primary receipts today were 469,000 bu against 477,000 bu last week.

Oats and rye were both somewhat lower. There was some selling of the May oats, without much support.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 6, 1939.

While there seems to be much action behind the scenes, there were no outward evidences of new European developments to cause additional tension, with the possible exception of the situation in the Adriatic. Italy has a twenty-year defensive alliance with Albania, signed in 1927, and at the moment, it is not clear whether Mussolini intends to attack the independency of that small country.

The Liverpool grain markets were closed for the Easter Holiday prior to the opening of the ones in this country, and will not reopen until next Tuesday morning. At the close that market was unchanged to 1/2¢ higher, with the main strength being shown in the old May contracts. There was evening up of commitments due to the uncertainties in Europe during the rather protracted holiday. Broomhall comments on a better inquiry for Argentine wheat, although larger quantities are being put afloat, a great deal of which is still unsold. He estimates that out of an original surplus for export of 228 million bu in the Argentine, 33 million has already been shipped, leaving a balance of 195 million available for export and carryover during the next nine months.

The weather in France continues wet and rather unfavorable; it is warmer in the U.K. and crop conditions are showing improvement. From Australia, complaints are being received of unfavorable weather conditions, particularly in South and West Australia, although good in other sections. There will probably be some reductions in Australia in the amount of seeded wheat, due mostly to discontent over the price structure. From Germany, we hear that wheat suffered extensively from winter kill. Conditions in the Ukraine seem to be satisfactory, with adequate moisture in most sections. The weather has become distinctly milder in the Balkans and in Russia. In this country, we received reports this morning which show additional good rains and snows in the Southwest. Temperatures have fallen, but in many sections this was preceded by snow. The forecasts are for clearing with rising temperatures during the next 48 hours.

In considering crop conditions, it is sometimes interesting to refer to what took place in previous seasons, but, of course, it must be recognized that no two years are exactly alike. The weather throughout the winter wheat belt during the past month has been somewhat similar to that in 1931. However, conditions are not entirely analogous, as the fall and winter preceding that spring were much more favorable than this year, and the condition on April 1, 1931, was a great deal higher than this year, as indicated by recent reports. Furthermore, the abandonment was very low. But in 1931 on a sown acreage of 45,647,000 acres, the acreage actually harvested was 43,448,000 --the crop improved that year from an indicated yield of 644 million bu on April 1st, to a final of 825 million bu, an increase of 181 million from April 1st reports. However, we repeat that this is not indicative of what might occur this year, but it does point to the improvement that can take place under proper growing conditions. Using the years 1928 to 1937, we find that there was an average increase in final yields of 44 million over the April 1st figures, and this included several very severe drought years.

According to Sanford Evans, for 21 countries reporting, the acreage planted for 1939 is 170,383,000 against 182,853,000 acres in 1938. However, the largest reduction is in the U.S. where he shows a probable reduction in acreage of about 14 million acres. From the 14 European countries reporting, there is an actual increase of slightly less than one million acres. In further analyzing the Sanford Evans statistics, he shows an available balance for export to July 31st from Canada, United States, Argentina, and Australia of 530,060,000 bu, after allowing for normal carryover. This compares with 226 million at the same period last year, showing an additional surplus available from the four above-mentioned countries of approximately 304 million bu.

(OVER)

Primary receipts of wheat today were 597,000 bu against 523,000 bu last week, and only 287,000 last year same period. Stocks at Kansas City and Minneapolis show a decrease so far this week of 206,000 bu. According to Sanford Evans, actual exports of United States wheat and flour from July 1st, 1938, to April 4th, amount to 75,250,000 bu, leaving the amount available for export of 184,623,000, after deducting his usual assumed normal carryover of 125 million bu. For Canada he estimates wheat and flour exports at 109,942,902 bu, leaving a balance for export and carryover of 164,461,098, against only 47,412,021 same time last year.

In spite of continued favorable crop reports, our market showed some strength, due somewhat to tightness in May wheat at the moment. That future gained slightly over the July. Liquidation yesterday in the May was a little heavier than for the past few sessions, and showed a decrease of 798,000 bu, with the total open interest being approximately 33 1/2 million bu. At the close the May future was 1/4¢ per bu higher, and the July 1/8¢ higher.

Primary receipts of corn stay up, totaling 569,000 bu against 501,000 bu a week ago. The open interest in the May future of this cereal declined about 900,000 bu during yesterday's session. At the present time, there does not seem to be any constructive news surrounding corn. Inquiry from importing nations remains rather quiet, while Argentine corn is being offered at slightly reduced prices. There is approximately 3 million bu of United States corn held in bond at Canadian ports.

Fluctuations in rye and oats were rather nominal.

All grain markets will be closed tomorrow-- Good Friday.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 10, 1939.

The European situation occupies the foremost interest of everyone, with the general public greatly confused due to the many undercover actions which are being taken. Great tension prevails over the recent invasion of Albania by the Italians, and while this may ease, the totalitarian nations have so far moved very swiftly, making it difficult to determine where the next steps will be taken. It is reported that Great Britain has pledged herself to defend the independence of Greece, a move made to counteract the influence of recent action in the Adriatic.

In the meantime, due to fears and uncertainties, the rush of gold to this country has continued in almost unprecedented volume, bringing the gold holdings in this country up to an all-time high. However, the supply of the precious metal here is not entirely due to fears of war, as world production has been greatly stimulated by the prevailing price in the United States of $35 an ounce. Many mines, which, prior to our revaluation, were not able to operate at a profit, are showing substantial earnings at the present level, and for the seventh consecutive year the output of newly-mined gold is at a new high. One source estimates that the world production of gold for 1938 amounted to 38,300,000 ounces, which compares with 36,266,000 ounces in 1937, and approximately 30,854,000 ounces in 1935. Prior to 1933 the production of gold varied with economic conditions, but since the raising of the price per ounce in this country, there has been a steady increase in the world production. The total amount produced in the world from the time of the discovery of America, in 1492, through the year 1937 is estimated to be 1,258,282,375 ounces, which covers a period of 445 years. Present indications point to a still further increase in practically all the leading gold-producing countries. The greatest benefits are naturally derived by British South Africa, which had the largest output last year --12,156,000 ounces. Russia was second with 6,500,000 ounces; the U. S. ranked third with 5,106,000 ounces, but it is very probable that in 1939, Canada may advance from fourth to third place.

The Liverpool markets, which closed on Thursday for the Easter holiday, will not reopen until Tuesday morning, and it is difficult to surmise what their appraisal will be of the European situation. In this country, the trader's attention has been entirely centered on Europe, with practically no thought given to any domestic news, and while this condition lasts, opinions are practically meaningless.

Some good additional moisture was received in Kansas and Nebraska over the week-end. The U. S. Department of Agriculture, through the Bureau of Agricultural Economics, reports in their letter of April 8th, as follows: "Beneficial rains in the domestic winter and spring wheat areas improved prospects of winter wheat and placed the soil in better condition for spring seeding. East of the Mississippi River, winter wheat remained in fairly good condition, although damage from freezing and thawing was noted in some parts of the eastern Ohio Valley. The crop made good progress in the Mississippi Valley area. In the southern Great Plains south of Kansas, wheat made good progress, except in west Central parts of Oklahoma. In Kansas, the crop showed improvement in all sections, with growth rank in southern counties. In the northwestern plains and the Pacific northwest, the outlook continued favorable."

World shipments this week total 10,724,000 bu versus 12,513,000 bu last week, and 9,336,000 bu a year ago. Of this amount, North America cleared 3,745,000 bu, and from July 1st they have totaled 186,502,000 bu against 144,646,000 bu. While a break-down of the week's export figures has not as yet been received, the chances are that the contribution from Canada was not very heavy. Canadian marketings for the past week amount to 807,000 bu against 1,007,000 bu a year ago; for their crop year to-date the country deliveries amount to 265,292,000 bu versus 108,638,000 bu in 1938. Sanford Evans

(O V E R)

estimates that the apparent balance to be marketed is 18,208,000 bu. The heavy marketings in that country were not very surprising in view of the fact that most farmers are anxious to ship everything possible to get the benefit of the 80¢ guarantee price, with the thought that possibly this price may be lowered on the next crop. The imports into the United Kingdom from August 1st to March 18th show an increase over last year of 17 million bu of wheat, and a decrease in flour of an equivalent of 1/2 million bu.

Primary receipts in this country were 872,000 bu compared with 857,000 bu the previous week, and 391,000 bu a year ago. The visible supply showed a decrease for the week of 1,765,000 bu, and now totals 73,639,000 bu against 47,402,000 bu last year. Chicago stocks decreased 244,000 bu.

The open interest in Chicago May wheat had one of its largest declines on Saturday, showing a decrease of 2,055,000 bu, leaving 30,471,000 bu still to be liquidated out of a total interest of all wheat futures of 75,320,000 bu. For the first time in weeks total trading in all cereals showed a substantial increase.. The inquiry for wheat in this country on part of exporters remains quiet, although there seems to be evidence of a more active demand from millers.

The more urgent needs of shorts caused by the European situation last Saturday seemed to have been met, and at the close May wheat was 5/8¢ per bu lower.

The feeling in corn was also somewhat easier. The visible supply decreased 455,000 bu, and now totals 41,544,000 bu, which is 1,958,000 bu less than a year ago. The export demand continues slow. For the week ending April 8th, total exports amounted to only 650,000 bu, bringing the season's figures up to 26 million bu compared with 44 million bu during the comparable period last year. On the other hand, shipments from Argentine showed an increase over the previous few weeks.

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CHICAGO MERCANTILE EX.

CHICAGO April 11, 1939.

There were no news dispatches today that would give any enlightenment as to immediate developments in the various European centers. From recent action, it would seem that Britain and France have changed their role from that of appeasers and conciliators to militant defenders of political boundaries, but as yet there is no clue as to how far this change in policy will be carried, and if rigorously enforced, as to its final effect on the totalitarian nations.

While no one can belittle the seriousness of the situation, judging by the comparative actions of the stock and grain markets in this country and in England, there seems to be a greater war psychosis reflected here than abroad. However, there are great world economic changes taking place, and one must look continually be yond war scares for an explanation of the weakness in our securities markets. International trade has become greatly distorted through the barter system, and now our own country is contemplating the exchange of cotton and wheat for British, Dutch and Belgian rubber and tin; government spending has, to a great extent, supplanted funds which were formerly furnished by private sources, and this money is not going into capital expenditures. Commodity prices used to be indicative of the buying power of the farm communities, but this no longer holds true on account of government assistance. Within the last few days a group of Senators have agreed to push a program, which would place the total cost of all federal aid to agriculture next year at over $1,300 million, which would, if carried into effect, greatly supplement farmers' income.

Liverpool wheat cables showed no indication that English markets were inclined to follow the strength in American markets during their holiday period, and closing quotations were 3/8¢ lower to 1/8¢ higher, with the demand from millers quiet, and business checked by the tension in political circles.

After the close of our session yesterday, the government figures, as of April 1st, were released, indicating a probable yield of winter wheat of 549,219,000 bu, an increase of 10 million bu from the figures recently given to us by the private experts, but 64 million bu larger than indicated in the official December 1st report. Analyzing the figures furnished, the farm reserves are given as 189 million bu, or 65 million bu larger than at the same period last year. We know the commercial visible on April 1st stood at 82 million bu versus 54 million bu last year, or an increase in these two positions of 93 million bu. The figures are still missing for the merchant and interior mills to complete the picture, but on January 1st, they stood 16 million bu larger than a year ago. Figuring that this situation has not been altered to any great extent, it would indicate approximately 109 million bu more wheat in all positions than a year ago. In order to attain the government objective of exporting 100 million bu, there would be 11 million bu less exported from April 1st to the end of the crop year than was the case last year; therefore, stocks from now until July 1st (if domestic consumption is normal) would decrease 11 million bu less, indicating an addition to our carryover of at least 120 million bu.

Corn stocks on farms as of April 1st were 1,204,229,000 bu. Adding the visible, indicates available supplies on hand of 1,248 million bu, showing that after allowing for exports, the six months' consumption of corn has amounted to about 1,366 million bu. In looking over the records of the last nine years, consumption for the first six months has ranged from 66% to 72% of the total for the year. Using the smaller figure --in other words, that 34% is still to be consumed-- it would indicate a final carryover, after allowing for exports, of 529 million bu against 363 million bu last year.

(O V E R)

There was some additional moisture received in a few sections of the Southwest, but indications are for mostly fair and cold. Temperatures in our Northwest have been quite low, which no doubt has somewhat delayed seeding. From Europe, we learn that as a whole, weather has moderated, but that some damage has been incurred, and, therefore, we have no right to expect any extraordinary yields.

There was quite a little excitement at the opening of our market; there seemed to be a much better demand from milling interests, which would indicate larger flour sales. There was some confusion in the minds of traders regarding the proposed barter of wheat. This plan is only in the making and any details are entirely lacking. There were reported sales of about 200,000 bu of wheat to go out of Chicago.

Advances did not hold, and at the close the market showed a decline of 1/8¢ per bu for the May future; the July was unchanged.

The amount on passage increased this week, and now totals 31,608,000 bu versus 30,944,000 bu last week, and 42,256,000 bu a year ago. Primary receipts total 577,000 bu against 568,000 bu last week, and 260,000 bu last year.

Corn did not show the early strength of its sister cereal, with some discouragement felt regarding the indicated large carryover at the end of the season. The export demand remains very quiet.

Rye more or less followed wheat throughout most of the session; oats were practically unchanged.

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CHICAGO MERCANTILE EX.

CHICAGO April 12, 1939.

News from abroad indicates that Mussolini has promised to begin evacuating troops from Spain within the next few weeks, and furthermore, is reported to have said that he has no aspirations whatsoever in Greece, which at least temporarily, has allayed fears of immediate war. There is nothing in past performance to indicate that promises or pledges will be kept, and it remains to be seen whether Chamberlain's policy will again revert to acting as appeaser, rather than a more militant defender of political boundaries. At the present time, the British and French fleets occupy very strategic positions in the Mediterranean, and it would seem that strong leadership is necessary to gain the confidence of such countries as Greece and Turkey. If the present situation is glossed over waiting for the next move on part of totalitarian nations, the defenders of democracy may find themselves in a much less favorable position, and with their influence over Greece, Turkey, and possibly Poland, greatly lessened.

Liverpool cables showed slight advances, the close ranging from 1/8 to 3/8¢ higher, but this firmer price is not very impressive when one considers that new May wheat is selling at 58 1/2¢ and their July at 60 7/8¢.

In analyzing the details of the last government report, we notice that they give Kansas 118,022,000 bu. While much can happen between April 1st and harvesting of the new crop, we feel that if present prospects are maintained, estimates for Kansas may have to be raised considerably. In looking over the state, county by county, we see that the north central tiers, and also the counties just adjacent on the west, are not very promising. However, in years when that State, as a whole, has had a good production, the western third has been a large contributor to same, and at the present time conditions in that part look quite favorable, particularly in the northern, western and southwestern sections. We also note that for Texas the government gives a figure of 28,182,000 bu as the probable yield, and from information we have received, this figure might also have to be greatly revised upward. The amount on farms is also rather impressive, the figure showing 20.3% of the crop still remaining against 14.2% in 1938, and a ten-year average from 1928-37 of 16.4%. Of course, one must take into consideration the fact that possibly 2% is sealed under government loan, and whether this will come forward, or be resealed, is not yet clear.

World shipments so far this season (since August 1st) have totaled 395 million bu, or 42 million bu more than last year. Broomhall estimated that the total requirements for the year would be 568 million bu, or 57 million more than last year. Shipments at present are running approximately one million bu per week over last year, so it appears that his estimate of requirements is about correct. It is interesting to note how exports have been divided. In spite of government subsidies in one form or another in practically all exporting countries, the figures do not show any indication that most of the exporting countries have been greatly relieved of their surpluses. So far this year the U. S. has exported 11 million bu more than during the same period last year, but from this time on our shipments will probably not be so heavy. Canada has shipped about forty million bu more on a crop of 170 million bu larger; the Argentine has shipped only 8 million bu more than a year ago, whereas their crop was 135 million bu larger; the Danubian countries have shipped 11 million bu more, where they are supposed to have a surplus of 32 million bu more than the previous year. Australia has fared the best, and has shipped 11 million bu more, despite the fact that their crop was 37 million bu less. Russia, India, and other countries collectively, have shipped about the same amount. This places the European buyer in quite an independent position, as the exporting countries will continue to be on the defensive for some time to come. To illustrate --Argentine Rosa Fe wheat is quoted CIF Liverpool at 58 7/8¢ a bu. A good grade of our hard wheat is worth approximately 83 to 84¢ at the seaboard, and to move this wheat to Liverpool might entail an additional minimum expense of from 11 to 12¢ a bu.

(O V E R)

Temperatures in the Southwest were quite low, although the cold did not extend into sections where the wheat is furthest advanced. The forecast is for rising temperatures. The summary of the government's weekly weather and crop report indicates that as a whole weather conditions were favorable for grain, and they comment, that in Kansas, wheat shows improvement in all parts; also in Oklahoma, where wide-spread substantial rains occurred, progress is now good to excellent, except in some eastern and south central counties.

The wheat export demand from this country remains flat; fluctuations today were within quite a narrow range, with most traders disregarding statistics, preferring to watch developments abroad, although there seemed to be some buying on part of millers, no doubt, against flour sales. The open interest in the May future yesterday decreased 1,684,000 bu, and now stands at 27,903,000 bu. The total interest in all wheat futures declined yesterday practically 1 3/4 million, and is now only 72,875,000 bu. At the close the May future was 1/8¢ per bu higher.

Primary receipts of wheat today were 474,000 bu against 505,000 bu last week, and 249,000 bu the year previous.

Fluctuations in corn were nominal. Primary receipts today amounted to 362,000 bu versus 469,000 bu last week, and 612,000 bu a year ago. Liverpool reports a moderate inquiry for corn parcels in nearby positions. While the open interest in the May future has been somewhat reduced, it still totals 28,355,000 bu.

Oats and rye were also neglected.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 13, 1939

Prime Minister Chamberlain appeared before the House of Commons this morning, and according to news dispatches, he pledged the support of Great Britain against any aggression toward Greece and Rumania; and he further stated that France concurred in this position. In addition, he remarked that the Anglo-Italian agreement had been justified and should not at this moment be ended. His address caused no undue concern for the present, and the world again is assuming the attitude of watchful waiting.

In the meantime, many are casting about trying to analyze the economic changes which are taking place in the world. In Europe, vast sums are being expended for armament, and almost every country in that hemisphere has been turned into an armed camp, with thousands of men being withdrawn from productive activity and placed under arms.

In the United States, despite the enormous amount of money expended by the national government, permanent business improvement is still not on the horizon. While pump-priming has caused billions of dollars to go into consumptive channels, money is not flowing into capital expenditures, which in past decades have been the source of our economic advancement. In 1929, according to one source of information, there were 14,816 income taxes reported in the bracket of over $100,000; in 1937, these had declined to 4,124 returns. While the majority of people have no brief to hold for those in the upper brackets, the fact cannot be overlooked that it was the larger income group who had a vast capacity for investment, and who had a preponderant preference for investments in equities. It was this money that was furnished for plant equipment to increase our manufacturing and research facilities, and it is this money which is sorely missing at the present time.

Liverpool cables displayed a somewhat firmer tone this morning, closing range being from 1/8 to 5/8¢ per bu higher. There was a better demand for wheat, with more inquiries for Manitobas, as well as for some of our hard winter varieties.

Sanford Evans, as of April 11th, estimates that Canada has a balance left for export and next carryover of 162,766,793 bu, against 46,647,980 bu a year ago, or approximately 116 million bu more. Canada's carryover in 1938 was 24 million bu, indicating that from this period to the beginning of the new season she exported a total of 22 million bu, which would be an average of about 1 1/2 million bu per week. While undoubtedly her exports will run heavier this season, nevertheless they will have to show a decided pick-up very shortly, as last week her contribution to shipments from North America totaled only 1,395,000 bu.

It is estimated that Argentina has available for export from now until the end of 1939, about 193,780,000 bu, which compares with actual shipments last year of 45 million bu. The figures of their wheat stocks in ports are still withheld by their Grain Board. However, to fully appreciate what a large carryover means to the Argentine we give the following: According to figures compiled by the United States Agricultural Attache at Buenos Aires, their terminal elevator storage amounts to 42 million bu.

Railway sheds at ports	36 1/2 "
Country elevators and grain warehouses	19 "
Railway sheds at country shipping points	317 "

So one must conclude that with their poor facilities, they are bound to force their wheat upon the world markets.

Wheat and flour stocks at United Kingdom ports on April 1st were estimated by Broomhall at 24 million bu, or about 6 million bu larger than a month ago, and compare with 10,680,000 bu the previous year, same date. While this indicates accumulations for security stocks, it might be interesting to note that on December 1, 1931 they reached the peak of 29,520,000 bu.

In Canada, the weather the past ten days has been cold in Manitoba and Saskatchewan, and farm work has been somewhat delayed. In Alberta, weather conditions were more favorable. It is estimated that wheat acreage in the Prairie Provinces will be lower than last year, but in both Manitoba and Saskatchewan rust resistant wheat will supply the bulk of the seed.

The weather in our own Northwest has also been cold, and farm work has been delayed, but indications are for moderating temperatures. In our Southwest, the forecast is for a decided rise in temperatures, with some possibility of a showery condition. On the whole, we consider the outlook for winter wheat as quite favorable.

Primary receipts of wheat were 599,000 bu versus 523,000 bu last week, and 338,000 last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 307,000 bu.

The Department of Agriculture announced today that sales of wheat and flour for export from July 1, 1938, to April 1, 1939, have totaled about 101,300,000 bu, of which 79 million bu have actually been shipped. Officials further stated that despite the fact that sales for exports have exceeded the announced goal of 100 million bu, the program would continue throughout the remainder of this marketing year. While this statement might mean some revision downward of the estimated carryover, it remains to be seen by what amount the original figure will be exceeded, but according to their statement, they do not anticipate it will amount to more than 10 million bu, if that much.

Our prices were influenced by the firmer tone at Liverpool, and also, some evidence of further flour sales. At the close, May wheat was 3/8¢ a bu higher. Our market at the present time is a good deal like a scale, with the uncertain European situation on one side balancing the crop news on the other. If there should be no unduly upsetting foreign developments, and with present crop prospects maintained, we believe the weight of the wheat news will finally tilt the beam.

Corn continues to fluctuate in a narrow range. Primary receipts today were rather light - 358,000 bu against 569,000 bu last week. The open interest in May corn still stands at around 28 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO April 14, 1939.

Liverpool shows great reluctance to follow any advance in our market. In the early part of their session they were somewhat firmer on smaller Australian shipments, and the purchase by China of a cargo of American hard winter wheat, but the best prices were not maintained, due to larger Argentine shipments, and at the close their market was unchanged to 1/4¢ higher. Great uncertainties still exist with regard to the European political situation, and until the course of events is clarified, traders are hesitant to take positions.

In former periods, the laws of economics usually corrected depressions and maladjustments. There can be no doubt that the results of the last War shook the world to its foundations, both economically and socially, and great repercussions were felt. However, in attempting to use artificial restoratives, the question arises: "Are we not exchanging old problems for new serious ones for which no solutions have been found?" Would it not be better for the patient to pass through the crisis, even though the suffering may be great, than to apply opiates, each dose of which leaves the patient weaker and less able to fight the disease? One has only to examine the cotton situation to appreciate the terrific new problems that have been created, despite the vast sums of money which have been expended in an attempt to help the unfortunate plight of the southern planter. A casual reading of the figures given below will demonstrate that instead of finding new outlets for our products, we have been steadily giving ground to foreign producers.

Season beginning August 1	American Mill Consumption of U S cotton	Foreign mill Consumption of American Cotton	Foreign Mill Consumption of Foreign Cotton
	(1,000 bales)		
Average 1927-28 to 1936-37	5,973	7,264	12,125
1933-34	5,533	8,227	11,675
1934-35	5,241	5,965	14,162
1935-36	6,221	6,282	15,075
1936-37	7,768	5,325	17,714
1937-38	5,616	5,314	16,503

In other words, the world, exclusive of the U. S., has increased its consumption of foreign cotton from approximately 12 million bales to 16 1/2 million bales, while they have reduced the consumption of American cotton from approximately 7 1/4 million bales to slightly over 5 1/4 million bales, and according to a bulletin of the U. S. Department of Agriculture, for the seven months ended last February, domestic exports were 42% less than in the first seven months of last season. In order to relieve the present surplus of American cotton, Congress is now discussing subsidies and barter plans, which might further distort international trade, without giving any assurance of permanently correcting the situation.

According to dispatches from Reuters, the crop in France is progressing well under ideal conditions, but this service seems to be more optimistic than others. Moisture reserves in Southern Italy are abundant, although the Northern sections are doubtful. In a general way, they report that crop prospects in Europe on the whole are favorable. Temperatures in our Southwest have moderated, and a showery condition is indicated, All in all, the weather has been very propitious. The Modern Miller today states that the winter wheat crop is making rapid progress in the Southwest as a result of recent rains, and that the outlook is more favorable than on April 1st when the Department of Agriculture's figures were compiled.

(O V E R)

Argentina apparently is more aggressive in offering wheat; this week shipments increased, totalling 3,552,000 bu. Australia cleared 2,231,000 bu, and shipments from there since December 1st are 43,655,000 bu compared with 63,088,000 bu last year; a large part of their present shipments are going to non-European countries.

Traders are still watching Europe for clues as to the turn of events in that part of the world; they awaited the speech of President Roosevelt this morning, but his address was confined mainly to Pan-American relationships. The market shows no great trend, and the closing quotation for the May future was 1/8¢ per bu higher.

Primary receipts today were 624,000 bu; no comparisons can be made with last week or last year as markets were closed for the Good Friday holiday. Stocks so far this week at Kansas City, Duluth and Minneapolis show a decrease of 71,000 bu, probably indicating only a moderate decrease in the visible next Monday against a decrease last year of 2,324,000 bu.

Corn showed a firmer undertone. Primary receipts were 509,000 bu, with no comparison available for last week. Shipments from Argentina show some increase, totaling this week 1,481,000 bu. That government will issue its first official estimate of the corn crop after the close of our market.

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CHICAGO MERCANTILE EX.

CHICAGO April 17, 1939.

The world was rather startled on Saturday by the message of President Roosevelt appealing to all nations to enter into negotiations to settle present economic and political questions. The message was received with great enthusiasm by England, France, and all the smaller nations, but the response of the two totalitarian countries is still to be given. In the meantime, England and France are proceeding with their attempts to forge the ring of encirclement, and it is reported from one source that an Anglo-Russian-French pact is almost completed, under which Rumania is willing to accept Russian aid, not only in the form of aircraft, but will permit passage of troops through their territory. Furthermore, economic and encirclement of the aggressor nations is being carried on through subsidies, barters, and financial accommodations with other countries with whom Germany is attempting to effect trade relations.

Liverpool wheat cables were firmer on steadier offerings from the Argentine, and at the close registered advances of 1/4 to 1/2¢ a bu. However, the advance is not very impressive when it is taken into consideration that their new May future is selling at 59 3/8¢ a bu, or between nine and ten cents under the similar month in this country.

There was some additional moisture over the week-end in sections of our Southwest. Temperatures have fallen, particularly over the northwestern part of Kansas, but there is no severe cold weather indicated. For the first 11 days of April, the average moisture in Kansas had been .87 inch, against .65 last year, and in Oklahoma for the same period it had been 1.38 inches against 1.08 inches last year. In their bulletin of April 15th, the Department of Agriculture reports that in the United States conditions continue generally favorable for the winter wheat crop, and that in the western and southwestern parts of the winter wheat belt, conditions are largely satisfactory, with soil moisture ample, except in some localities. Mr. H. C. Donovan reports that on a two weeks' trip throughout the Southwest, he found not only sufficient moisture to suffice during the remainder of the month, but that the crop had excellent color. In our Northwest they had general rains in North and South Dakota; also, in western Minnesota, although not very heavy, but these rains will be highly beneficial as that particular section of the spring wheat belt was in need of moisture.

In Canada, seeding has begun at a few points in South Saskatchewan and Alberta, but field work has been generally impeded by cold weather. However, Sanford Evans reports that surface moisture in practically every district of the three Prairie Provinces is sufficient to germinate the crop, and that there are subsoil reserves in the northern districts of Saskatchewan and Alberta. He also comments on the fact that rust-resistant wheat will be sown in all districts of Manitoba and Saskatchewan where crops suffered the most from rust last year.

In analyzing the detailed figures in the government's crop report of April 1st, we note that for the State of Kansas they use a yield per seeded acre of 8.5 bu, against a final of 9 bu in 1938, and a ten-year average of 10 bu from 1928-37. The ten-year average includes the severe drought years, when a large portion of such damage took place after April 1st. This year the weather since April 1st, has been very satisfactory, and with normal conditions from now until harvest, the April 1st estimate for the State of Kansas may have to be raised considerably. It should also be taken into consideration that in making its interpretation, the Bureau has allowed for such acreage as now appears unlikely to be harvested by those farmers adjusting their seeded acreage to seeding allotments under the AAA; in other words, this has all been anticipated.

(O V E R)

The amount of wheat on-passage showed some increase this week, totaling 32,360,000 bu versus 31,608,000 bu last week, and 40,784,000 bu last year. Of the total world shipments, North America contributed 3,068,000 bu; Argentine, 3,552,000 bu; and the Black sea, 1,576,000 bu. Since July 1st world wheat and flour clearances have totaled 446,068,000 bu compared with 398,932,000 bu similar period in 1938. It is reported that under the trade agreement, Germany is planning to barter for railroad equipment, products from Argentine to include approximately 3 1/2 million bu of wheat.

The wheat visible decreased 1,613,000 bu, and is now 72,026,000 bu, or 26,948,000 bu larger than a year ago. Chicago stocks decreased 241,000 bu, and now stand at 6,542,000 bu. Primary receipts were 785,000 bu versus 852,000 bu last week, and 724,000 bu last year.

Our market at the opening responded somewhat to the higher cables, but activity was very much restricted, and at the close the May future was 1/2¢ per bu higher, and the July 3/8¢ up. The trade apparently elects to watch developments in Europe rather than the favorable conditions surrounding the growing crops in this country. The open interest in May wheat on Saturday declined 546,000 bu, but still stands at 25,518,000 bu against a total in all positions of 71,249,000 bu.

The Commodity Credit Corporation announced that as of April 13th, 224,902,626 bu of corn have been placed under this year's loan program. This figure, of course, does not include the amount that was resealed from last year, which might possibly account for another 25 million bu. As of April 1st, the Department of Agriculture shows that for Iowa, the largest corn producing State, 70% of the previous year's crop remained on the farm, against 51% in 1938, and the 10-year average of 42%.

The open interest in the May future of corn declined approximately one million bu on Saturday, but is still quite heavy--25,866,000 bu compared with an open interest of all futures of 60,225,000 bu. The corn visible decreased 542,000 bu, and now totals 41,002,000 bu. Primary receipts were 665,000 bu versus 711,000bu last week. Corn had a firmer tone all through the session.

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CHICAGO April 18, 1939.

There was no particular news in European political developments. Diplomatic sources in Berlin believe that Mr. Hitler has postponed his reply to the President's non-aggression proposals until April 28th, because he wants to attempt to first settle the question of the Free City of Danzig. The answer to the President's peace appeal will be before a full meeting of the Reichstag, and therefore, we shall probably have to wait ten days for his final response. For six long years the dictators have drawn strength from the fact that while they put their ambitions above peace, the democracies had seemed to put peace above their safety. For the first time since 1918, Great Britain has taken a firm stand knowing that she thereby runs the risk of war. However, she now stands face to face with the dictators on a plane of psychological equality, and also, for the first time in months, there is virtual unanimity behind the government, which seems to be the unanimity of free men. There is no longer concealment that the British policy is directed against Germany. The latter, probably more than anything else, dreads "encirclement", fearing that the move of England is not purely one of defense and self-protection, but rather offensive trade alliances of aggressive intent.

Probably one of the most dangerous aspects in the present situation is that the Fuehrer, constitutionally inclined to self-exaltation, has been led by his long series of unopposed triumphs to exaggerate his strength, to lose his caution, and believe himself invincible. On the other hand, he has more than a week to consider other aspects, primarily economic defense,and probably much more urgent than the economic weakening of Germany, is the economic strengthening of Britain.

Liverpool cables were rather indifferent, being unchanged for some futures and slightly higher for others. Importers in Europe have been covering immediate needs and recognize that crop conditions abroad are not nearly so good as they were a year ago and that as a result, smaller production will have to be dealt with, but as an offset, various governments have been accumulating fairly large quantities for emergencies and these supplies are constantly depressing prices, even though the wheat is rarely offered for resale. Broomhall points out that statistics on stocks in Europe are misleading, with so much wheat in government hands, but we have seen in North America how this is sometimes a burden upon the price level when such supplies are overhanging the market.

There was a fairly good business overnight in Manitoba wheats, mostly from the Pacific Coast, while the demand for hard winter wheats from this country was rather dull. The Canadian visible supply is still enormous, with 137 million bu in various positions compared with only 43 million last year; therefore, it is a foregone conclusion that the carryover next August will be very large, and finally this wheat will come into competition with the already burdensome stocks in the Argentine, as well as the new crop offerings from the United States.

The weather in this country was mostly favorable during the past 24 hours. Additional moisture had occurred over parts of the Southwest and no unseasonably low temperatures have been reported, the forecast being that warmer weather will prevail, with skies clearing. In the Northwest there was some relief, with a trace of rain in the southeastern part of South Dakota, and in many sections of Minnesota, which is surely helpful for spring work and seeding.

Primary receipts of wheat were 577,000 bu, which was exactly the same as last week, and compares with 340,000 bu last year. Stocks of wheat at Kansas City and Minneapolis decreased 45,000 bu so far this week.

(OVER)

Trade was extremely small, and probably not much better than yesterday when only 5 million bu were transacted in the pit. As a matter of fact, the entire open interest is just slightly over the 70 million bu mark, which is extremely small, showing that speculation is at low ebb. May contracts continue to decline; as of yesterday there were less than 25 million bu still open, compared with about 30 million bu of July. The cash demand, which was fairly good for several weeks, showed a slight easing today, although one or two hedgers went from the nearby to the more deferred position, thus slightly tightening the May future. At the last there was a decline of 1/8¢ per bu for the May wheat, while the July was down the same.

Corn was firm, and the volume of trading also rather small. The primary movement is making a poor showing compared with a year ago, and no doubt the government loan has tended to keep a good deal of corn off the market. On the other hand, the carryover is bound to be heavy. The Argentine harvest is now general, and receipts are improving. Therefore, it is expected that accumulations will take place at ports, provided weather conditions permit, and the chartering of space to Europe has been quite active; this will probably hurt us in our foreign business.

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CHICAGO April 19, 1939.

Foreign news was comparatively quiet, although nothing eventful had been expected. There was a report by Viscount Halifax that the British Ambassador, would soon return to Berlin, and for the time being at least political tension has relaxed. We doubt whether anything important will occur until April 28th, when Mr. Hitler makes his speech before the Reichstag. There have been many conjectures as to the possibilities which may be contained in this response, but, of course, these are merely guesses.

With no further adverse news from abroad, our stock market was somewhat higher, and sentiment generally a little more cheerful. A good many people have assumed that most of the troubles were due to foreign complications, but this is probably only partially correct. There are so many artificial influences at work in this country that it is sometimes difficult to grasp fundamentals. Generally, when there is a low level for commodities, there can be no high degree of prosperity, although with the vast sums which the government is pouring out to farmers, there is still a better buying power on behalf of agricultural interests, at least while the money is being paid out.

Before taxes had risen to such enormous proportions, there were billions of dollars each year that sought reinvestment; and before economic conditions in Europe became so bad, there were also millions of dollars sent to this country for the purchase of securities, but capital investments during the past years have been on a much smaller scale, and it must be clear to every thinking person that the rate of the flow of investment into corporate enterprise has a definite relation to unemployment. Approximately one million persons a year come of working age; and of these it may be estimated that all the men, and between one-quarter and one-half the women, expect to become employed. In modern industry, the tools of production are commonly expensive, although the investment per worker varies enormously from industry to industry, being highest in railroads and utilities, while they are lowest in the service industries that are in or near the handicraft stage.

In 1929, there was an apparent public investment of about $8,000 per person coming of working age; in 1938, it had fallen to about $850, and even this figure was above the average of recent years. The administration is hopeful that the annual income will approach the $80 billion-mark and that in this way greater prosperity can be assured. This, however, is a difficult problem, and in the interim, public spending does not have the same beneficial effect as when private industry is encouraged and when normal expansion can take place. The simple facts seem to indicate that American enterprise has not in recent years had access to any such supply of capital as would enable it to provide incoming potential workers with productive equipment. This is one of the factors which brings up the ever-pressing question as to whether the unemployed are to be cared for by the federal treasury, or whether they can find places in private enterprise.

It is apparently the plan to continue most of the agricultural programs already set into motion: namely, provisions and funds for soil conservation, monies to finance the removal of surpluses and the expansion of markets, as well as additional sums for parity payments. Mr. Wallace has pointed out in a recent speech, "As with the acreage adjustment program, the effectiveness of the programs for expanding markets, both domestic and foreign, is up to a certain point in direct ratio to the funds available."

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Liverpool prices were firm and there was better speculative buying reported of the distant positions, with a generally light trade. Short sellers over there, just as here, remained cautious due to the political situation, but overnight business was of fair proportions, including mostly Manitoba wheats from Vancouver and Atlantic ports. Some Pacific coast sales of United States wheat to the Continent were also reported. Traders, however, saw little in the immediate outlook, and, therefore, new commitments were again along extremely conservative lines. The milling demand was just fair, but this was quite natural as a week earlier the war scare had resulted in very heavy domestic flour sales, both in northwestern and southwestern districts.

We would regard the weather as fairly favorable, although there has been sufficient moisture now in the Southwest, and higher temperatures together with sunshine would be welcome. There are some complaints about insufficient moisture in the spring wheat territories, but nothing important. However, cold weather has delayed field operations in some localities.

Primary receipts today were 527,000 bu compared with 474,000 last week and 340,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 376,000 bu.

At the last, changes from the previous session were rather small, May wheat showing an advance of 1/8¢ per bu, while July was unchanged.

Corn was firm, but trade light. The primary movement was only 258,000 bu today and farmers are temporarily holding back, In the major portion of the Belt the soil continues too wet for plowing, except for higher areas, but on the whole these early rains should be of immense benefit in time to come.

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CHICAGO April 20, 1939.

European political news was of a peaceful character. The German people were celebrating the 50th birthday of their leader and all thoughts were directed towards the holiday spirit during these festivities. In Italy, Premier Mussolini reaffirmed that the policy of the Berlin-Rome axis was one inspired by a criteria of peace. This expression was well received, both in England and on the Continent, with stock markets in those countries closing with a very firm undertone.

There was not a great deal of grain news before our market opened, except that one of the headlines in a newspaper spoke of famine conditions in Russia and that a press cable from Riga claimed 80% of her grain had been destroyed by bad winter weather, and also spring conditions. On the face of it, one could hardly reconcile such facts as there have been no severe complaints of winter killing or abandonment up to this time, and after all, only one-third of the sown area is devoted to winter wheat, while the greatest bulk is comprised of spring wheat sowings which have not all been completed. Therefore, little attention was paid to this news item, although it may have had some effect.

However, there was a scheme formulated by the British government whereby bakers were to increase their flour reserves. This is undoubtedly another emergency measure, just in the event of war, and Prime Minister Chamberlain in the House of Commons announced that a new Ministry of Supply would be formed, apparently to deal with necessities for the army, and in a general way to take over the responsibility for the acquisition and maintenance of reserves. This would have to deal not only with grains, but also with other war essentials, including metals and raw materials for a general defense program. As a result, there was a better demand in the U K for actual wheat, and close to two million bu were purchased from various countries including Canada, Australia, and the Argentine. However, the Liverpool futures market was rather dull being unchanged for most deliveries, and just fractionally higher for the nearby month. Speculative interest remains slow and most traders are of the opinion that the reserve supplies which so many governments are accumulating will take care of needs for the next few years, so that even with smaller European crops indicated, there should easily be enough for all purposes. Of course, the present year has been ideal for laying aside these extra supplies, and had it not been for that European markets might have suffered more severe losses.

Foreign crop news generally is satisfactory. In France, progress is normal following the advent of springlike weather. In the United Kingdom, there has been some improvement recently, but of course England is not a very large wheat producing nation. It is showering in the Balkans, where rain was needed, and Rumania reports very favorably, some merchants indicating that they may again have a bumper crop, although it is still quite early. India now has officially estimated her crop at 345 million bu, compared with 402 million last year, but considering the early drought, it shows that great recovery has taken place.

Black sea shipments this week were just of fair proportions--1,424,000 bu. This is slightly less than last week, but more than a year ago. However, there were no grain clearances from South Russia. The estimated Argentine shipments were nearly four million bu, and this is quite a bit better than earlier in the season, being about twice as large as the shipments a year ago. Undoubtedly the barter arrangements which were negotiated laxt month are finding a better outlet in Europe, although it may be that some wheat is being placed on the water for consignment.

(OVER)

According to crop reports from our spring wheat areas, as well as from Canada, farm operations have been somewhat slow in getting under way; but the situation is not regarded as serious, although warmer weather is needed in both countries. According to Sanford Evans, the land below the surface is in a moist condition practically everywhere, and there is every indication of a good seed bed. Saskatchewan appears to have the best outlook in several years, and of course this is important as it is the largest province. Other reports indicate that the acreage in Canada will be almost as large as the previous one and that a good deal of seeding will be devoted to rust resistant types of wheat; therefore, another average crop is likely in that country, with the carryover next August probably 100 million bu larger than it was last August.

Primary receipts were slightly larger at 623,000 bu compared with 599,000 bu last week, and 424,000 bu last year. It is thought that the country might sell a little bit more freely, particularly with the near-by position at a premium over the July.

At the last May wheat showed an advance of 1/8¢ per bu, and the deferred months were up in about the same proportion.

Corn was firm, but there was not much trading feature to this cereal. The primary movement was small at only 281,000 bu-- a little less than it had been last week, and compares with 910,000 bu a year ago. It is thought by some that the amount under government loan which is tied up may finally amount to as much as 300 million bu, including the small amount from the year before; it is also likely that a good many farmers who know this are holding back some of their free corn, with the hope that it may command better prices later on with the fairly large quantities that are under seal. This may give us continued firmness for the time being, but we are not particularly bullish for the future, as even with a somewhat smaller acreage there may be enough hybrid seed used so that we shall still have ample supplies for all purposes, especially with a large carryover in sight.

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CHICAGO April 21, 1939.

According to an early news dispatch, Russia had offered Great Britain and France an unreserved alliance, pledging to use the entire armed forces and all other resources, if necessary, to resist aggression in Europe. Ever since the Czechoslovakian disaster last September when Russia had been keenly disappointed because Britain had not offered more resistance, everyone had wondered whether the tripartite alliance between Russia, England, and France was of the same status as prior to that time. The especial position of Russia, which is theoretically a communistic country, but nevertheless an essentially strategic factor in the eastern aggression front, was something that had been giving concern to Britain.

Today's revelations will undoubtedly strengthen British and French hopes, and they were almost immediately reflected in grain circles where the demand overnight had become slower. It may be, of course, that after the recent large purchases there is a pause which might be the case even without this Russian incident. World shipments next Monday should be fairly large and the Southern Hemisphere alone has placed about six million bu afloat, which is rather heavy for this season of the year. Moreover it is felt that Canadian shipments will increase during the next month and Europe seems assured of supplies as long as such large surpluses still remain in Canada and in the Argentine. Since August 1st, Canadian wheat and flour shipments have amounted to 113 million bu, and at the present time, there are 161 million bu remaining for export and next year's carryover, compared with 46 million bu a year ago, or in other words, 115 million bu more. In Argentina, even with the heavier shipments during the past few weeks, there are still 187 million bu remaining for export, which is more than the entire crop a year ago. The Continent was reported to be out of the import wheat market, although a cargo of Manitoba wheat was sold from the Atlantic Seaboard to the U K, and, thereafter very little was reported. Final prices at Liverpool showed declines ranging from 1/2 to 3/4¢ a bu.

The weather map suggests clearing skies and rising temperatures which would be beneficial in almost all sections. The winter wheat areas have had about enough moisture now so that sunshine would be more than welcome. In compliance with the AAA program, most farmers have reduced their acreage, although in doing so the poorest sections of the farms were eliminated, and as is natural, they used the best fields, or summer fallowed land, which should produce higher yields than usual. When we get more complete figures from the government in May, we believe they will show the standing acreage is favorable compared with the ten-year average, despite the heavy reduction from last season, and with generally satisfactory conditions, we would not be surprised to see estimates of the crop raised over the April figure. Taking the State of Kansas, for instance, this month's estimate was for a wheat crop of only 118 million bu, with indications for 8.5 bu per acre on the planted acreage, compared with 10 bu which was the average during the years 1928-37. Outside of small portions of the State where the crop is poor, we have been getting mostly good reports including some from western areas.

Primary receipts were 636,000 bu compared with 624,000 bu last week, and 492,000 last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 680,000 bu. This suggests there may be a fairly large shrinkage in the visible supply on Monday, which will compare with a decrease a year ago of 2,435,000 bu.

Trade was extremely quiet, and we believe possibly lighter than yesterday when only 5 1/2 million bu of wheat were transacted in the pit. The Modern Miller was fairly optimistic, claiming that the winter wheat crop had improved during the week as a result of favorable weather Southwest. Seeding of spring wheat still is reported as slow, although clearing weather would change this situation quickly. At the last May wheat showed a decline of 1/8¢ per bu, while the July was 1/4¢ per bu lower.

Corn was quite firm, and some of the hedgers are changing their position from May to later months, because of the small movement from the country. We adhere to the theory that with such a large carryover indicated, and heavy stocks still on farms that it will be difficult to boost prices materially, even granting that large quantities are under government seal.

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CHICAGO April 24, 1939

There were no week-end developments in the foreign situation that could be construed as very significant, and the chances are that the world will have to await Hitler's address before the Reichstag on April 28th, for a clearer definition of his aims and purposes. In the meantime, Prime Minister Chamberlain is apparently not overlooking any possibility of attempting to avoid a world conflagration. Sir Neville Henderson, Ambassador to Berlin, has been ordered to return to his post, and also it is understood that relations between Italy and France are improving and that there is still some hope of negotiating settlement of outstanding differences.

Meanwhile, our securities market gives little indication of impending events, and volume of trading has shrunk to very small proportions, while traders are trying to appraise the domestic news. Government spending is nearing its all-time peak, but the purchasing power of the people is declining. To date, the "business appeasement" program has not afforded any great consolation to business, and there is nothing to indicate any changes for the better in taxes. Capital is still being discouraged in finding new outlets, and the unemployment situation is not improving. Although materially aided by subsidies and other plans, the statistical position of many commodities is not very impressive. While it has always been a subject of much debate as to whether recessions in business cause declines in the stock market, or vice versa, it is a good deal like a rolling stone which gathers momentum on its downward course.

There was very little to guide the trade today, Liverpool quotations showed fractional losses for most months, and it is thought that tenders on May contracts next week will be fairly substantial.

World shipments this week were 11,333,000 bu, slightly larger than last week, and compare with 9,790,000 bu a year ago. The amount on ocean passage has not changed during the past week, but there are 7 million bu less afloat than in 1938.

The most important feature really was the weather. It had been rather clear over most of the belt; therefore, there were hardly any complaints, and while the season is regarded as somewhat late, sunshine and warmth may quickly even things up. There are some showers looked for over the central states, although this is the proverbial month when we can expect just that thing.

A good many people have in mind that the market has not declined during the last five or six months, and, therefore, all of the bearish news has been discounted. Possibly they are correct in these calculations. However, we see the picture differently. The Argentine surplus at the end of the cereal year will be very heavy, and is bound to compete with new-crop American and Canadian wheat, plus the fact that Canada will have a carryover of possibly 100 million bu in excess of last year's. It is, of course, too early to gauge European crops, but despite a good deal of winter killing, one cannot see probability of a serious decrease in production by importing countries. Great Britain has imported about 20 1/2 million bu more wheat and flour this season than last, which apparently is a part of the program to build up reserve stocks; and as their domestic crop was also very large, it places them in a position where they may be quite independent unless prices are attractive, in which case they may add further to their reserves.

Our open interest in wheat remains at a very low figure, only 67 1/2 million bu total, showing that there is no heavy speculation at the moment. In spite of this, there are some who feel that there may be crop scares, and that if we should have an exceptionally hot summer, it might give us a poorer return than is now indicated. These hazards, of course, are difficult to count on. Certainly at this period of the year one can only figure on the average, so that neither a crop failure nor a bumper crop should be expected. In any event, it seems

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more than likely that we shall have more than is necessary for our domestic needs, and if this situation develops very likely the government will continue its program of further subsidizing exports next season.

The visible supply decreased 2,081,000 bu; the total is just slightly less than 70 million bu compared with 42,643,000 bu a year ago. Chicago stocks showed a rather substantial decrease-- 471,000 bu, and there are still about 6 million bu in elevators and afloat, which is not terribly much, although the demand seems to have quieted down to a slight degree. Primary receipts were closer to the million-bushel mark than in some time, exceeding those of both last week and last year, and from advices which we receive the farmer may sell a little more willingly, particularly if crop prospects are maintained.

There was very little reported in export circles, although a cargo of American Pacific hard winter wheat was worked to Shanghai, but this had very little market influence.

At the last May wheat showed a decline of 3/8¢ per bu, while the July was 1/8¢ lower. If anything, the nearby month was slightly easier, although at 1¢ one or two hedgers changed over commitments to the more deferred delivery.

Corn was influenced by better weather, and apparently there were hardly any shorts to cushion the market as it declined. The demand is just fair, and we see nothing bullish at the moment. The country still has lots of free corn to spare, and we do not look for much activity in European business. Present weather is better for field work.

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CHICAGO MERCANTILE EX.

CHICAGO April 25, 1939.

European political news afforded very little excitement, either in stocks or in commodities. The British Ambassador to Germany returned to Berlin with a message to the Chancellor, warning him that England might be compelled to introduce military conscription unless he gave rather definite assurance. Apparently this is an effort to have Germany support President Roosevelt's peace appeal. It is hoped that such pursuasive powers will be constructive when Mr. Hitler speaks before the Nazi Reichstag next Friday. Everyone knows that the economic situation in Germany is largely responsible for many of the recent aggression acts, which were aimed to take the peoples' minds from the country's financial condition. Unorthodox policies have certainly weakened their financial structure, and tremendous sums have been spent for the armament program. Other European countries are also being constantly weakened in trying to keep pace with these activities; and naturally the question arises as to whether ultimate confidence might not vanish in many countries where unsound fiscal programs have occurred. Growing deficits and other unprecedented debts, with even repudiation as a last resort, have taken place on a fairly large scale, with the result that taxation alone was of little avail, and apparently business has been throttled. The democracies are hopeful that plans toward peace may in a small measure, at least, correct this situation. Resourceful as we have been in this country, we have seen that we could not altogether forget European chaos, and it undoubtedly has been a deterrent to our domestic business. Therefore, Hitler's speech on Friday is being awaited with more than the usual interest.

There were declines in Liverpool today, which ranged from 1/2 to 7/8¢ per bu, and local liquidation took place there in anticipation of large deliveries on May contracts which are expected next week. There were no indications of any important wheat purchases overnight, despite the fact that Shanghai remains in the market, and bought an additional cargo from West Australia. Furthermore, Argentine offerings are free, and hedging pressure in the Liverpool market from that country has increased, which is natural considering the large surplus still remaining in South America. A few weeks ago we had some very sensational reports from Russia, but apparently these were largely exaggerated. We pointed out that the spring wheat comprised the larger part of the crop; therefore, it is important that the seeded area is said to be very large, with more than 44 million acres planted up to April 15th for all spring grains, or about 25 per cent more than last year at this time.

Our market heeded mostly crop scares from the winter wheat area of our own country. Undoubtedly there have been some heavy winds during the past few days, which were occasion for alarm, although we maintain that a crop cannot be ruined in three or four days, particularly with the fine moisture that was imparted to the ground earlier this spring. Just a few days ago most people were claiming that warmth and sunshine was necessary, and while it is quite natural that the surface dries out quickly when there are high winds, we can hardly believe that the crop has undergone any very radical change. It is true, of course, that the plant is very sappy, and may be quick to show effects of warm weather. Our own people tell us that taking the State of Oklahoma as a whole, conditions are good, and that it can go for quite a while yet before additional moisture is necessary. This is the season when crop scares are generally heralded; therefore, we must be prepared for all kinds of news, but up to the present time we see very little reason to become excited.

(O V E R)

In Washington, the AAA is drafting new plans, apparently trying to combine processing tax with marketing quotas. Officials, who are in favor of this scheme, say that it will relieve the farm program of the perils of deficit financing. One of the features calls for a processing tax of from 30 to 40¢ a bu on wheat which is milled for consumption in this country. Nobody can say at this juncture whether the plan will be enacted, although heretofore it was felt that the higher the processing tax, the smaller our domestic consumption.

Primary receipts were 753,000 bu versus 577,000 bu last week, and 425,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 137,000 bu.

Our market was firm almost from the start, and despite the knowledge that we shall have a large carryover in this country next July, as well as a big world carryover, there was a little better buying from outside speculators, influenced by adverse crop reports from the Southwest. Some liquidation of May wheat kept this future from sympathising fully, and it closed 3/4¢ per bu higher, while July was up 1 1/8¢.

Corn was rather weak early, and was not much benefited by advancing wheat prices. It seems that more favorable weather is regarded as beneficial, and furthermore the primary movement has picked up some, with the domestic demand just of fair proportions.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, April 26, 1939

There is rarely ever a year that we do not have crop scares of one kind or another. This refers not only to the winter wheat crop, but to the spring wheat as well. It would hardly be normal to think that nature would have everything perfect during the entire growing season. It, therefore, behooves everyone to try to diagnose the case for himself, in an effort to see just what proportion of the growing area is affected. In collecting reports, our experience has taught us that human nature also has to be studied, as some observers are much more excitable than others, and occasionally we are apt to get sensational reports, which may be 100 per cent true, but yet those territories are apt to be confined within small limits. For instance, we always disregard reports of hail damage, because we know it is always local; likewise, we belittle green bugs, because we hardly know of a crop that was seriously damaged by these pests. On the other hand, lack of moisture is something which concerns us greatly for the reason that no plant can make satisfactory progress without precipitation.

Yesterday, for the first time, there were any number of bad reports from the Southwest. It is a known fact that bad news travels much more quickly than good news-- just like gossip, it spreads readily. There is nothing exciting when everything is going along according to routine, but where a wheat plant is lying on its side, this immediately attracts attention, and is heralded over the telegraph wires. Naturally, the outcome of this year's crops will be an important item in finally determining our price level. Should we have just a normal return on the acreage, we think there will still be more than sufficient for all purposes, as the world's darryover at the end of the season is bound to be enormous-- probably the largest on record.

Let us analyze for a moment a few of the individual countries: In the Argentine, the average rate of shipments since January 1st has been around 2,600,000 bu a week compared with the 5-year average of 3,400,000 bu. This is an extremely bad showing when it is considered that they had the second largest crop ever raised. In India, the first estimate is for a yield of 345 million bu. An error is made in simply comparing this with the previous season alone, because that happened to be a phenomenal year, but the 5-year average was only 349 million bu; therefore, even with the drought, there had been no great setback. In Russia, just a week ago there were extremely sensational reports that 80 per cent of the crop had been destroyed. While later advices discounted this story, we should like to point out that the planned winter wheat acreage was 37,306,000 acres compared with the 5-year average of 32,374,000 acres; and the planned spring wheat acreage is for 63,300,000 acres compared with the 5-year average of only 58,655,000 acres. In Canada, seeding in the Prairie Provinces is now quite general on probably as large an acreage as last year, with reserve stocks next August possibly 100 million bu greater than in 1938. In our own country, certain wheat stocks are near a record level for this season of the year. Late yesterday, the interior mills and elevators reported on their April 1st inventories, and there were nearly 93 million bu of wheat on hand, which had only been exceeded once before: namely, in 1933.

We mention these facts, as we do not believe that one can assume too bullish an attitude unless real and important damage takes place; of course, Southwest crop news being a new factor will furnish us with the immediate pulse of prices, particularly if adverse reports are circulated.

In Europe, the season is generally backward, although spring seeding is catching up, as present weather has been more normal. Without question of a doubt, coming crops will be smaller than the high returns of last year.

There was no important feature at Liverpool; they were rather unresponsive considering our yesterday's strength, although finally advances were registered of 1/8 to 3/4¢ per bu. Business in forward positions was rather small.

(OVER)

The world is now awaiting Mr. Hitler's talk, which can probably be analyzed before our market opens on Friday. In view of the uncordial welcome that the British Ambassador received upon his return to Germany, we hardly believe that Mr. Hitler will hand out very flattering remarks in addressing the democracies. However, unfriendly relations, if continued, will gradually drain all of the European treasuries to such an extent that recovery will be further delayed.

Primary receipts were fairly large at 687,000 bu versus 527,000 bu last week, and 418,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 418,000 bu.

There were fewer reports from the growing districts; most people seem convinced that the acreage which was summer fallowed is still in good shape, and has nearly sufficient moisture to carry it through. The other areas are somewhat more doubtful, and they are already hoping for further moisture before long. At least, the top soil has dried out recently, due to high winds, although we can hardly imagine that the plant is suffering much owing to the fine spring moisture of a few weeks ago.

May wheat is apparently being liquidated, and sold closer to the July price. At the last the former future showed an advance of 1/8¢ per bu. The July wheat, however, was in greater demand by those who feared crop damage, and closed 1/2¢ per bu higher.

Corn was rather indifferent; the weather seems satisfactory; foreign demand is almost flat, and as the carrying charge widened elevators seemed content in going from near to distant crop months.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 27, 1939.

Britain decided late yesterday upon conscription, although this was not at all unexpected. Mr. Chamberlain claimed that it was so vital that the government might be forced to call a general election if the opposition opposed this measure too much. The whole world is now awaiting Hitler's talk tomorrow, and it is very likely, according to German reports, that while he will refuse to let Germany participate in any conferences which may be called by outsiders, he will proclaim to the world that he is desirous of peace, and that this has always been Germany's motive. Neither the stock nor the grain market was much influenced by any of these developments.

Liverpool quotations in grain were practically unchanged from the previous session, and with Argentine shipments estimated at 4,409,000 bu, it gave every assurance that the large supplies remaining in that country would be available for European consumption for a long time to come. This apparently will prevent any sharp upturn in Europe, and without some help from abroad, we think, even with crop scares, that it will not be too easy to boost prices here very materially.

Shipments from the Black sea were 960,000 bu, which was quite a bit smaller than last week, and even a little less than amounts put afloat a year ago.

At the moment Europe is in a very comfortable position. Liverpool wheat futures are about in line with Southern Hemisphere shippers' offers. There are still 187 million bu of wheat left for export in the Argentine, which is enormous, as this is a larger quantity than the whole country raised last year. When some higher protein wheat is needed for mixing purposes this can easily be obtained from Canada, where stocks are still very large.

In our own country, wheat supplies are about the largest for the season that they have been in a number of years. This factor was largely responsible for the low prices which have prevailed; and even with about 80 million bu that is tied up under government loans there should be more than enough for all purposes if we raise just average crops this coming season. No one can tell accurately what the final results will be. While undoubtedly a fair amount of damage has been sustained up to now, there are differences of opinion as to crop prospects. From messages which come to us, we feel that there have been definite signs of deterioration in parts of Kansas. However, the government may have made allowance for this in part at least, as they only figured on 8 1/2 bushels per planted acre, which is about 1 1/2 bushels less than the average. Taking some of the other Southwestern states, such as Oklahoma and Texas, generally speaking their crops are in good shape. There is a large percentage of the wheat that has a very rank growth, and will require a little more moisture than it otherwise might. Just at this writing we have a report from Amarillo showing that the Panhandle was relieved with rain last night as follows: Dumas 1.02 inches of rain; Stratford .72; Miami .22; Pampa .06; Shamrock .40; and a number of other spots, so that this may hardly be recorded as one of those drought years, particularly as there was very heavy precipitation just a few weeks ago. From Enid, Oklahoma, we had a message from a grain man just returning from a trip covering the southwestern part of that State, or in other words the territory where damage reports were current, and he claimed that while rains were needed, he did not see any wheat that could not recover if precipitation came within a week, especially where there had been no damage. He still felt optimistic about crop conditions, claiming that Oklahoma was still in good shape. There were some rains reported in that State overnight.

(OVER)

We mentioned in our letter yesterday that depending upon the make-up of the persons who examine crops, that various types of reports might be received, but from those who are less excitable, and more conservative it is our own belief that the future is still quite bright.

Primary receipts were 777,000 bu versus 623,000 bu last week, and 514,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 520,000 bu.

The market was mostly firm throughout the session; with crop uncertainties and impending political events no one dared go far on the short side. In fact, during the past few sessions we have noticed a considerable amount of short covering, and in this way the technical position of the market has probably been weakened. At the last May wheat showed an advance of 1¢ per bu. Despite some liquidation, hedgers apparently were satisfied to change some of their commitments to the more distant futures. July wheat closed 5/8¢ per bu higher.

Corn was hardly influenced by the advance in wheat; in fact, the undertone was heavy. The movement at terminals was considerably larger, and apparently with satisfactory seeding conditions, farmers who have free corn are willing to market it on a fairly liberal scale.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO April 28, 1939.

The long-awaited Hitler speech was heard today in virtually every part of the world. In Germany it was compulsory for everyoneto listen in on the radio, while in America many turned their dials because they were interested to find out whether the Chancellor would be defiant or conciliatory. The tone of the talk was probably less boisterous than on previous occasions. As a dictator, he remained bold, and yet, to appease his own people, he seemed less warlike than some had expected that he might be. There were no definite assurances for permanent peace, and he stated that nothing constructive had ever been accomplished around a conference table. However, the outside world is apparently happy that he has had his say. Possibly he feels better, having made this lengthy reply to President Roosevelt's peace appeal; in Fascist circles it was regarded as firm and energetic, but in our opinion there is no guarantee of lasting peace.

Liverpool quotations were slightly higher before the Hitler speech started, but eased because of the fact that he did not use any actual threats and he did not seem unduly aggressive, with the result that the international situation is probably no worse by anything that he has stated. Final quotations showed losses of 1/8 to 1/2¢ per bu, and this was regarded as quite unresponsive considering our sharp upturn of yesterday.

Of course, we have pointed out that Europe was more or less independent now. Southern Hemisphere shipments this week total over 6 million bu, and Argentina will probably remain busy with shipments for sometime to come. Sales from that country to Europe are taking place for as late as September shipment and undoubtedly are being hedged in Liverpool-October wheat at about 64¢ a bu. Moreover, European crops are fairly satisfactory; In France, good progress is being made following useful rains; In Germany, conditions are about average, although somewhat poorer than the prospects a year ago. Italy claims that another splendid harvest is likely unless late damage occurs in the form of excessive rains. Winter wheat in Russia is now reported good, although poor in the Ukraine, while in the Volga region conditions are mixed.

The trade is paying very little attention to foreign wheat conditions, as our own winter wheat prospects have been brought to the foreground where undoubtedly some damage was sustained, and in many sections rains would be very useful. However, a close analysis shows that there is quite a large percentage of wheat that was summer fallowed and this is in excellent condition, with most sections claiming plenty of moisture for the present. The subsoil condition cannot be bad in view of the ample precipitation of a few weeks ago. We are told that around Hutchinson, Kansas, crop prospects continue very good, and reporters fromWichita have the same story, indicating that crops are satisfactory as far South as Enid, Okla. However, this is the crop-scare period, and very likely bad reports will bear more weight than the good ones, so that frequent rallies in the market are to be expected. We ourselves think that some caution should be exercised, because without help fromEurope it may be difficult to travel the course alone.

Primary receipts today were 617,000 bu versus 636,000 bu last week, and 583,000 bu last year. Kansas City, Duluth, and Minneapolis stocks so far this week show a net decrease of 192,000 bu. There is pretty sure to be a fair decrease in the visible supply on Monday, which will compare with last year's decrease same day of 3,181,000 bu.

The market was rather indifferent early, but firmed up; pressure was extremely light, and when new buying orders came into the pit they could only be filled by bidding prices higher. There is still a moderate amount of nervousness over winter wheat prospects, as a good many sections are complaining that rains will soon be wanted.

Winnipeg follows rather reluctantly, which is quite natural because even with good export trade they still have a problem before them. Up to the present time their shipments of wheat and flour have totaled only 115 million bu, and there is still a balance for export and carryover of 159 million bu compared with only 45 million a year ago at this time.

At the last our May wheat, which was the strongest, showed an advance of 2 1/4¢ per bu, while the July was 1 3/8¢ higher, and sold at a new high on the crop.

Corn was inclined to be weak, but at times was helped by the strength of the leading cereal. The primary movement is much larger now, over 1 million bu today, and liquidation of May contracts continues as it is thought that deliveries on Monday will be very substantial.

DAILY MARKET LETTER

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CHICAGO May 1, 1939.

Opinion of the analysts and commentators is growing stronger that there will be no general European war within the next six months. There is still a good deal of agitation and there will be speeches, but with England and France taking a firmer stand, it has had quite an influence under the surface in the totalitarian countries.

Despite this, there has been no material improvement in our securities market since the Hitler speech. There are some quarterly statements which were optimistic, but on the whole businessmen are not overly encouraged. They still realize that even after profits are made a large percentage goes out for various tax purposes. In 1938, 22 per cent of the national income was absorbed in this manner, and this is the largest share for any year as far back as records are available. Tax collections, including federal, state and local governments, last year amounted to nearly $14 billion, which was a new record, as it is equal to about $105 per capita. With a drop in national income from the previous year of about 10 per cent, the taxes collected were about 11.4 per cent over 1937; and, even with many discussions of smaller spending, we see little concrete evidence that this will be carried through.

Agriculture during the coming year will probably fare equally as well as during the current season, as far as appropriations are concerned, and it is thought that at least $212 million will be voted for making parity payments; and in addition to this various consumption and other subsidies.

The wheat market during the past week has been little influenced by anything outside of crop reports. As we pointed out in our recent letters, these varied according to locality and according to the reporter who inspected the field. We were rather interested this morning to read the Santa Fe report, in which they stated that, contrary to trade views, the winter wheat prospects in Kansas and Oklahoma have improved during the last month. The road predicts a crop of 125 million bu for Kansas, which is about 7 million bu greater than the April 1st government estimate; and for Oklahoma they claim a prospect of 50 million bu, or 3 million above the official figure a month ago. We ourselves heard from individuals who had covered quite a bit of territory. One observer who drove 600 miles through central and western Kansas claimed that at no place did he find a field where, in his opinion, irreparable damage had been done, and that there was still a lot of fine looking wheat out West, although it needed moisture badly. Another report covering western Oklahoma and the panhandle of that State told of the crop being in mostly good condition, except in the panhandle where the effects of dry weather were shown; but after talking to a number of farmers they were agreed that if rains came within a week damage would be negligible.

With this in mind, it will be interesting to see what the crop experts tell us tomorrow, although more important than this is the future weather, and not much moisture is looked for during the next twenty-four hours, although there may be some rains of a light character in southeastern Kansas and eastern Oklahoma.

Closing prices at Liverpool were 3/8 to 5/8¢ per bu higher for the active months, while old May wheat advanced 1 1/4¢ per bu, due to the fact that tenders on contract were well taken. Export business, however, was rather small, probably not over 100,000 bu of Manitobas from the Atlantic, and a small quantity of afloat winter wheat, which was taken by the Continent.

World shipments this week were fairly substantial, 11,603,000 bu. This was slightly more than the previous week; and since July 1st, we find that wheat and flour shipments have been 48 million bu greater than for the previous season. While a good deal has been taken by the Far East, we know that England has imported about 21 million bu more than in 1938, and with the avowed purpose of building up war

(OVER)

reserves, their operations may slow down to some extent unless prices of exporting countries stay pretty well in line. The amount on ocean passage increased slightly over that of a week ago, but there is about 9 million bu less afloat than there was last year. Europe, however, realizes that there is still approximately 183 million bu of surplus wheat remaining in the Argentine; therefore prices on the other side have followed our advances very reluctantly.

European crops are just fair, as considerable damage from winter killing is reported in Europe. France, Belgium, and the Netherlands say that the outlook is somewhat below average and spring seeding to replace the damaged winter wheat has been retarded by cold weather. However, Italy has good prospects with frequent rains needed to maintain the present outlook, while conditions in Germany are about average. In Russia, winter grains are officially reported in good condition in the Ukraine and Crimea, but in the Volga and central sections conditions are unsatisfactory. Spring seeding is active, and as we reported last week, total sowings of all spring grains the middle of April were about 25 per cent ahead of last year.

Primary receipts today were 910,000 bu versus 932,000 bu last week, and 862,000 bu last year. When the visible supply was posted it showed a decrease of 1,643,000bu; this was less than a year ago, and in all positions there are 68 million bu of wheat, or about 29 million bu more than the previous season. Chicago stocks showed a shrinkage of 333,000 bu, but we do not think this was the reason for the great strength in May wheat. There are still more than 12 million bu in the open interest, and apparently shorts are showing greater anxiety than longs.

As we view it, the great strength today in the May wheat probably had as much to do with the advance as crop news. Actually the tenor of many reports from the Southwest was somewhat better than we had last week, despite the fact that there had been no rain. At the last the nearby month was up 1 1/2¢ per bu, while the July wheat advanced 7/8¢ per bu.

Corn, during the early trading was indifferent, and largely influenced by the heavy deliveries. However, short covering took place due to the sharp advance in wheat prices, although there was no particular news in this cereal, and on the whole seeding operations and weather are regarded as satisfactory.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 2, 1939

Businessmen, as well as investors, are venturing very slowly into new enterprises. Even with a more settled political situation in Europe, there is activity on various fronts, and the cost of preparedness and mobilization is terrific. Some even feel that competitive armaments will mean financial ruin for Europe, and figuring all countries together, it is probably costing the world $20 billion annually as a minimum for preparedness; possibly if accurate figures could be arrived at, it might be far in excess of that. This, coming at a time when international trade is at a minimum, coupled with continued armament expenditure, presents a very serious picture, even admitting that there finally may be no actual war.

A great many countries have their internal expense geared to such a pitch that even excessive taxation does not provide sufficient funds to bring about a balanced budget. It is claimed that the German government's expenditure in 1938 was close to $15 billion, or six times as much as in 1933. They had to resort to long-term, as well as short-term borrowing. Currency circulation was increased by over one billion dollars; $800 million was diverted from the unemployment and winter relief appropriations; the balance was sequestered from their own people by various impositions. Other nations have fared somewhat better, but, nevertheless, their plight has prevented much recovery on a broad scale. Possibly these have been contributing factors for the very light speculative trade in both securities and commodities.

The recent advance in grain markets was occasioned largely because of crop scares and recent dry weather in the Southwest. The map did not suggest much relief, although during the session one or two places in western Kansas reported rain, and this brought about liquidation of some long lines, following several days of higher markets.

There was a little better response from Europe, and Liverpool quotations were 3/8 to 1 1/8¢ per bu higher. There was also a better demand for Argentine wheat, which is said to be of very good quality, so that Europe, looking ahead to a season when her own crops are less promising than last year, must also figure on future supplies on basis of what might occur if North American crops show a material reduction from those of last year. This Argentine wheat, being so plentiful, is being sold as far ahead as August and September, and this is somewhat discouraging from our own point of view, as later on if we have a surplus over and above domestic requirements, it may make it just that much more difficult to sell abroad except at increased subsidies.

During the past week, the United States was the second largest shipper, but we believe that this business had been consummated several months ago. At the present time, there is a better demand for Canadian wheat, as their grain is of very high protein content, and mixes well with almost every other variety; therefore, for blending purposes it has a very special value. As the result of this business, Winnipeg prices rallied sharply today and their market gained considerably upon Chicago futures. The Canadian visible supply is still extremely large at 135 million bu compared with only 41 million bu last year.

Most of the private crop estimates will be published tomorrow on the condition of winter wheat and prospective yields. There were one or two reports issued today. The one by James E. Bennett & Company showed a slight increase over last month, which leads us to believe that possibly the damage reports which have been circulating were in many cases exaggerated.

Primary receipts of wheat were 618,000 bu versus 753,000 bu last week and 488,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 72,000 bu.

(OVER)

Our market was a little bit more two-sided and while there was no extreme weakness, apparently some selling to secure profits took place, with the thought that moisture, if it occurred soon, might provide a better opportunity for reinstatement. At the last May wheat showed a decline of 1/8¢ per bu, while July was 1/8¢ higher.

Corn showed further recovery, with shorts covering on the theory that the recent liquidation had been pretty well taken. Furthermore, large deliveries on May contracts have probably spent their force. The primary movement, while larger than last week, was considerably smaller than last year, and new pressure was quite light. On the whole, weather for planting remains favorable.

UHLMANN GRAIN CO.

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CHICAGO May 3, 1939

The private crop estimates for the month of May have all been published, indicating a winter wheat crop of 538 million bu. This is hardly any reduction from the experts' own figure of last month, which showed a prospective yield of 539 million bu, although the government report had been somewhat more optimistic, figuring about 10 million bu more in their official release on April 10th. Considering that the weather has been more or less dry during the past thirty days, and that there were high winds which caused some damage to the plant, the reduction is really very trivial; and according to our judgment there could still be a substantial recovery, should we have rains within the next week or two.

There was some moisture overnight in the Texas panhandle that had been rather unexpected, and, according to the map readers, there may be some further relief. There was also a little encouragement in western parts of Nebraska, but the important areas were skipped, and there is nothing to indicate rains of an important character for the next twenty-four hours.

The market, however, has had a fair advance ever since these crop scares started, and very likely the known damage to date has been discounted; therefore, further profit taking was not a surprise. There is practically no help from European quarters and, despite the sharp advance yesterday at Winnipeg, cables this morning from Liverpool were unresponsive, and they finally showed losses of 3/8 to 1/2d per bu. There also the trade reported a natural reaction, following several days of firmness. However, Liverpool new May wheat is still selling for only 60 1/4¢ per bu, and this does not suggest any great anxiety over future developments.

As we have pointed out repeatedly, even after allowing for 100 million bu in the Argentine for home requirements, seed, etc., there is still approximately 180 million bu available for export and carryover; therefore, this big surplus gives great assurance to importing countries. That their plan of marketing has not been successful, is also becoming more apparent, as the government has authorized loans of $1,860,000 to encourage farmers to take certain lands out of cultivation. These loans will be granted to 3,000 wheat farmers, who, in turn, will put a certain percentage of their land into pasture for stock raising. Last year Argentina had a wheat acreage of 20,868,000 acres, which was the largest since 1930, and compares with the five-year average of 17,996,000. However, their problemis no different from that of any other country. As long as the government keeps giving encouragement and promises minimum prices, the farmer responds by planting all he can, and we are afraid that this will be the same story in Canada this spring, if soil and weather conditions permit. In other words, when prices are kept reasonably high, there is no inducement to raise less.

There has been one feature this season rather fortunate for exporting countries, and for Australia in particular. This was the increased demand from the Far East, and since August 1st, we find that ex-European countries have taken about 29 million bu more wheat and flour than the previous season. Europe has taken about 14 million bu more, but, of course, the large native crops provided sufficient stocks for building up war reserves without heavily increasing imports.

Despite apparent quiet in European political affairs, there are still many preparations for war, and these expenses for preparedness are very costly. A party in France has written us that a state of mobilization is virtually taking place. General business, other than that connected with armament manufacture, is almost at a standstill, and the strain upon state finances has compelled the government to collect additional taxes, which, if continued, would be almost as burdensome as war itself. Without trying to alarm its people, there are many preparations going on under cover. When

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entering any house in Paris, there are instructions for the civilian population to guard against unexpected air raids. Bomb-proof basements have been provided, while elaborate information is given for the removal of the civilian population into country points.

Under such circumstances, we feel that large reserves of grain will be kept until a more peaceful outlook appears. In Belgium, merchants have been ordered to maintain a permanent stock of 3 million bu of wheat, in addition to the regular trading supply. In order to bring about these reserves, absorption of the large European crop took place much more orderly than if we had been going through more normal periods.

The export demand for North American grain overnight was disappointing, following the large business in Manitobas yesterday. This had a somewhat bearish effect upon Winnipeg futures, which, in turn, influenced us.

Primary receipts were moderate at 617,000 bu versus 687,000 bu last week, and 537,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 91,000 bu.

There was no extreme weakness, because hardly any short selling is taking place, and probably there will not be much unless there are rather general rains to improve present crop prospects. However, enough liquidation came into the pit so that finally prices lagged somewhat, with May wheat declining 1/2¢ per bu, and the July wheat 5/8¢ per bu.

Corn showed less gimp, and local buying, which had been rather prominent yesterday, was apparently less of a factor. The movement from the country is reasonable, considering that farm work is going on. On the whole sentiment seems somewhat friendly, but much will depend upon the crop outlook during the next few weeks. That the carryover will be large, seems to be an established fact.

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CHICAGO MERCANTILE EX.

CHICAGO May 4, 1939.

Artificial stimuli still confront the grain trade. We find it possible in almost each one of our letters to mention some unusual fact where one government or another does something apparently to aid the farmer. In the final analysis this shakes confidence, with the result that there is not near the speculation in grains as formerly, nor the usual volume of buying for forward position on part of consumers and importers.

In Canada, the total wheat and flour shipments since August 1st totaled only 116 1/2 million bu. Considering that 350 million bu were raised in that country, it is a rather poor proportion, and undoubtedly minimum prices have had something to do with keeping such a large share of the wheat at home. In all fairness to them, however, we might mention that the constantly varied subsidies on United States wheat in the export program also was a hindrance and probably prevented larger quantities being sold fromCanada. On the other hand, they were aided because of the fact that Argentina displayed a holding tendency and never forced her wheat upon the market.

There is apparently one fundamental issue which does not seem to be understood: namely, that at different levels consumption varies materially. While probably most of the nations figured it would not create a better demand by letting the price go lower, this is not strictly correct. We have found that a certain consumption exists when wheat sells for $1.00, while a much larger consumption takes place at 80¢, and still more, due to wastage and other factors, when prices are lower. However, facing realities, we find that Canada still has available for export and next year's carryover 157 million bu compared with only 45 million bu last year. This apparently is giving some concern to those in charge of operations, and in order that the farmers will not become dissatisfied, it was indicated at Ottawa that during the 1939-40 crop-year, the Canadian government would guarantee an initial payment to wheat producers of 70¢ a bu on the basis of No. 1 Northern wheat at Fort William. Up to now it had been supposed that the basic price would only be 60¢, and that this would apply only to farmers in the Prairie Provinces, but apparently enough pressure was brought to bear so that the higher price was granted; and it covers wheat farmers in Eastern Canada as well. With this additional encouragement, instead of having a tendency toward reduced acreage, we believe they will plant all they can safely get into the ground, according to soil and weather conditions.

There was not a great deal of encouragement in the early cables from Liverpool, although as their session progressed they became stronger, and finally closed with an advance of 1/2 to 5/8¢ per bu. There was also a fair cash business and reports had it that the United Kingdom purchased close to 1 1/2 million bu, including Australian, Argentine, and Canadian varieties. This had a bullish effect upon Winnipeg futures, and the strength attracted some buying here, as did also the weather map, which indicated very little important moisture for the winter wheat areas during the last twenty-four hours.

There have been quite nice rains in the Texas panhandle, ranging up to 1 1/4 inches, and, in fact, a number of sections had a nice soaking rain, which is very beneficial. Unfortunately, Kansas has still been unrelieved, although it is possible that there will be some light showers in the eastern sections tonight. Temperatures generally will rise, but the Central States are apt to have showers tonight and Friday; however, most attention at the moment seems to be centered on Kansas and Oklahoma, from where most of the damage reports have been coming. Conditions in the spring wheat states are quite good, and certainly favorable for starting the crop. The only thing is that moisture reserves are inadequate, and, therefore, we shall be dependent upon frequent rainfall, otherwise the trade will become very excited in another few weeks.

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Primary receipts today were 1,076,000 bu versus 777,000 bu last week, and 544,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 277,000 bu.

Local sentiment was friendly to the market, and prices throughout the session ruled above the previous day's closing. There was some reinstatement of lines, and at the last May wheat showed an advance of 5/8¢ per bu, with the July 1 1/8¢ per bu higher. September wheat was relatively weak.

Corn was firm, but no particular feature to this cereal. The open interest in the May delivery has been reduced to very small proportions, and apparently those who have changed long commitments to the deferred months are willing to await further developments, which in itself creates more or less firmness.

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CHICAGO, May 5, 1939.

This is the time of year when almost anyone going out into the wheat fields can become a crop reporter, and, as we have mentioned often in our market letters, the same type of reports may not come from two people examining the same field, as much depends upon a person's temperament. There can be no doubt that good surface moisture is needed rather generally over the important areas of Oklahoma and Kansas, and probably to a lesser extent in Nebraska. Those who are more conservative in their conclusions seem to think that only a small percentage of the acreage has been irreparably damaged and that most of the remainder could probably go for another ten days without serious loss.

We had one message from a man who has never been extreme in his views. He believed that the damage reports from western Kansas were grossly exaggerated. He told us that parties returning last night, after covering a big area out West, claimed that wheat was not hurt.

Scattered showers were reported in certain western areas, with more indicated. We also had a wire from our Amarillo office, claiming that Texhoma, Oklahoma, had reported one inch of rain during the night and also some moisture on the Northern Plains, as well as Spearman and Perryton, Texas. To the average reader these exact locations will not mean much, but it at least shows that this is not one of those extreme drought years with which we have had to contend, and that while the relief has not by any means been general, it is probably a fact also that with good subsoil moisture, which was furnished to the plant earlier in the season, it may look a little worse on the surface than actually is the case.

We ourselves do not want to be too one-sided, as we recognize that if there should be a period of prolonged drought, with high temperatures, there still may be a critical period before us. But on basis of what is known now, we cannot become alarmed, and would rather feel that spring rains are just as apt to occur as not.

The trade apparently must size up the situation somewhat as we do --at least, there is greater conservatism, and after advancing markets such as we have had for ten days, there seems to be profit taking at times, and this took place today, particularly as the weather map was slightly more encouraging. Our own expert believes that it may become unsettled Saturday night, with probable showers Saturday night or Sunday. There is also a chance for scattered showers and cooler tonight and Saturday in the Canadian provinces; therefore, the whole wheat situation is by no means critical. However, until we have greater relief than at present, very few are making short commitments, and even European markets cannot ignore entirely conditions over here.

Liverpool quotations today advanced 1/8 to 7/8¢ per bu, although this was not particularly responsive considering sharper upturns yesterday both here and at Winnipeg. At the same time, they are getting ample supplies for present needs and the Southern Hemisphere again has placed about 5 1/2 million bu afloat, although a fair amount of Australian wheat is headed for the Orient. Despite a much smaller crop this year in Australia, due to the drought, it is now figured that the exportable surplus remaining in that country is 50 1/2 million bu compared with 48 1/2 million bu last year. Of course, comparisons in the Argentine are much more extreme, but last year the crop was a small one compared with a bumper yield this year, plus the fact that the current marketing system has prevented the normal flow of grain into export channels. No official figures are given out by the Argentine government relating to the remaining surplus, but Broomhall estimates it at 179 million bu versus only 46 million bu last year.

The same authority points out that prices at Liverpool and Rotterdam are below futures prices in Chicago, Kansas City, Minneapolis and Winnipeg. This, of course, is only made possible because of the subsidy on exports from here, with our government absorbing losses any-

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where from 25 to 30¢ a bu. It is pointed out that if the FSCC should discontinue this practice, then it would immediately follow that the importing countries would have to turn more to Canada and the Argentine, which are the two countries remaining with large surpluses.

The export demand overnight was rather limited, mostly for Canadian wheat, and as a result Winnipeg futures were at times inclined to weakness.

Primary receipts today were 758,000 bu versus 617,000 bu last week, and 731,000 last year. Kansas City, Duluth and Minneapolis stocks so far this week show a total increase of 101,000 bu. The visible supply on Monday will very likely show a moderate decrease, as this is the time of the year when stocks run down; ayear ago the shrinkage amounted to 2,158,000 bu.

Trade was somewhat more moderate. We notice that yesterday the open interest increased, very likely due to more outside buying. At the last May wheat was unchanged; the July was relatively weaker, and closed 3/8¢ per bu lower.

Corn was firm, but no particular incentives offered to the trade for making new commitments in either direction. The weather on the whole is regarded as favorable, and with some likelihood of moisture in the Central States this would be beneficial to the early planted corn.

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CHICAGO May 8, 1939.

At the close of the market last Saturday, traders felt fairly confident that moisture over the week-end would probably not be heavy enough to upset their calculations. A few local showers had been looked for, but the various forecasts were not overly promising. According to the weather bureau, rainfall last month was dificient over nearly all of Kansas, except some extreme eastern counties, and especially in the southwest quarter of the State, according to records kept at 151 stations. The first three weeks were cool and showery but were followed by abnormally high temperatures, drying winds, and an almost complete absence of rains.

It was not surprising, therefore, that reports of deterioration were current from many sections. Experience, however, has shown that May precipitation is very important, and even though the crop may not look too well in the early stages, there is often a chance for substantial recovery, and we have seen this time and again. Moisture during the past forty-eight hours was, therefore, extremely welcome, and exceeded all expectations. It did not cover every part of Kansas, but at least there were soaking rains in a number of places which are regarded as important wheat areas. In Wichita, for instance, which was probably the best-soaked territory, precipitation amounted to 1.70 inches and at Parsons, Kansas, probably 1 1/2 inches. We would say, on the whole, that the heaviest rains in Kansas were in the eastern part of the State, but in addition to this, Oklahoma fared extremely well; at one or two points, there were actually cloudbursts. It also extended northward to Nebraska and Iowa, being fairly general for this time of the year. Reports which came to us claimed that the crops showed improvement; therefore, it was not surprising that there was a fair amount of liquidation when our market opened. The central states benefited, and little has been heard from these sections, but the top soil was becoming rather dry, so this moisture also is very welcome.

There was not a great deal of grain news outside of weather. Liverpool quotations registered lows of 3/8 to 7/8¢ per bu, but most of the decline occurred after they received reports from this side of the water, and we find that new May wheat at Liverpool is still selling at only 60¢ a bu; consequently, there is not a great deal of encouragement fromEurope.

There is still the question of heavy supplies in two of the larger exporting countries confronting the trade, and there is not much chance of this being corrected before their new crops are ready for harvest. With only about 119 million bu of wheat and flour exported from Canada during the first nine months, it is a foregone conclusion that they will have a huge carryover. Those who make comparisons just with one year point out that last season only 71 million bu were shipped during the same period. However, that was when the crop was virtually a failure, and, therefore, we must go further back to the 1936-37 year, when exports for nine months were 161 million bu, and still a year further back, when 169 million bu had been placed afloat. Importing countries have restricted foreign imports as much as possible, despite the fact that war reserves are being provided; but homegrown crops last summer furnished the nucleus for their program, and this was at the expense not only of Canada, but of the Argentine producers as well.

World shipments this week were approximately 11 million bu, and on this basis importers' requirements should be satisfied, provided Broomhall's earlier figures were correct. The United Kingdom, which imports the largest amount of wheat and flour of any of the European countries, has taken so far 26 million bu more wheat than a year ago, and 1/2 million bu less flour. Therefore, she seems fairly amply provided for the time being. The fact, however, that conditions surrounding the new crop in Europe are only about average, or might even be slightly below, does bring a certain amount of buying from time to time, but it seems easily satisfied without materially influencing

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prices.

When the visible supply was posted, it showed a decrease of 1,722,000 bu, and there is still 66 1/2 million bu of wheat in various positions, compared with only 37 million bu last year. Chicago stocks show a fairly large shrinkage --594,000 bu, although there is still 5 million bu locally held. Today's primary movement was fairly large at 1,149,000 bu versus 910,000 bu last week, and 747,000 bu last year.

After an early decline, the market became rather dull, and there was very little new pressure. However, the moisture is the important item, and many telegrams claimed that prospects had already improved, and that the rain was just what was needed. In the Northwest, it was also beneficial, and coming right after seeding operations are about completed, we shall undoubtedly have more optimistic reports from that section of the country also. At the last May wheat showed a decline of 3/8¢ per bu. There was more pressure upon new-crop futures, and July was 1 1/8¢ per bu lower.

Corn eased off largely in sympathy with wheat, but fair recovery was shown in this cereal. There does not seem to be a heavy movement to terminal markets at this time, which is only normal as long as farmers are otherwise busily engaged. However, the rains, while not necessarily needed just now, will undoubtedly be helpful, and to our knowledge there are very few crop complaints from the producing sections.

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CHICAGO MERCANTILE EX.

CHICAGO May 9, 1939

It was announced from Washington that the Senate last night had voted $338 million to finance farm parity payments, and disposal of surplus commodities. The proposal was part of the Agricultural Supply bill, which may pass the Senate tomorrow. It is doubtful whether this had any direct bearing upon wheat prices, either today or during the past few weeks, as it was generally expected that the various programs which had been set into motion months past would probably be continued, and if it became necessary to sell our wheat for export under subsidy plan that probably the authority could be obtained for handling. As a matter of fact, very little United States wheat was sold recently for export, but this is not surprising as the government had tentatively planned to export 100 million bu this season, and when this figure was reached, their operations subsided, or at least became less important.

Some in the trade had figured that they might wait now to see how large the coming crop of winter and spring wheat would be before going into new commitments. In the meantime, we have heard of very cheap offerings from the Argentine, and apparently those who have been handling the wheat in that country have overstayed their market, and are trying to make up for it at this time. Under the circumstances, it is not likely that foreign markets should advance much unless other factors would come into play. Furthermore, freight rates from the Argentine have declined somewhat, and this may have been partially responsible for the indifference at Liverpool today, where prices were unchanged to 5/8¢ per bu lower. English millers also seem to be indifferent, and the general inquiry this morning was only for a few parcels, as apparently they figure that Argentine prices will not advance much as long as the surplus in that country remains so large.

The wheat crop in the British Isles is not expected to be anywhere near as large as in 1938, when a record production of more than 80 million bu was harvested, but still the greater part of the British requirements are always obtained through imports. Therefore, it is not so important whether the crop is a little larger or a little smaller.

Meanwhile, Canadian wheat is moving down the Lakes, and nearly 9 million bu are headed eastward; therefore, with navigation making it possible to ship more heavily, there may also be additional pressure from that source.

Our market opened at about unchanged levels, but almost immediately thereafter advanced, and various reasons were sought for this sudden change overnight. Winnipeg had been closed yesterday owing to a holiday, but when they reopened this morning they were comparatively strong. There were some messages claiming that dust storms had swept across the southern portions of Saskatchewan, and apparently rain is needed rather generally in all three provinces. In addition to this, our May wheat became tighter on small purchases, and it is thought that some No. 2 yellow hard wheat had been sold from Chicago, possibly for relief purposes, which made shorts more nervous than heretofore. The open interest in May wheat is still quite large. At the close of business yesterday, there were still 8 1/2 million bu open, and with no deliveries to-date, apparently hedgers are more eager to change over their commitments to the deferred months. The rather general rains which fell over the winter wheat areas were almost forgotten, and instead of rejoicing over the benefits that were received in most territories where moisture had occurred, there were some few reports claiming insufficient relief in areas that had been skipped. This is so often the case, because bad news travels more quickly than good news, although on the whole, study of the weather map should lead to a rather optimistic feeling as it pertains to growing conditions. Unfortunately, the Weather Bureau does not issue a complete pamphlet on Sunday as to precipitation; therefore, the complete moisture for the 48 hours was not revealed in grain circles, but nevertheless private reports disclosed that the rains for the two days were very substantial.

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In looking over Broomhall's foreign crop summary, we find that, if anything, European prospects are better. Good progress is being made in France, although the outlook is below that of last year at this time; Italy claims mostly excellent prospects, and, generally speaking, weather is seasonable with hardly any complaints of insufficient moisture. In Russia, winter wheat conditions in the Ukraine are reported to be good, although in the North Caucasian region, unfavorable. Seeding of spring wheat is progressing, but the important Volga region is in need of moisture.

Primary receipts of wheat today were 675,000 bu versus 618,000 bu last week and 404,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a decrease of 85,000 bu. There was a fair trade, and, as stated earlier, enough buying power to keep the market on the up-grade during almost the entire session. Very little pressure was experienced, and until such time as receipts from the country become heavier, or we approach the new crop, when hedges become a factor, this same situation may be with us,

At the last May wheat advanced 1 1/2¢ a bu, while July was 1 1/8¢ higher.

Corn was very little benefited by the sharp upturn in wheat, and, in fact, local traders neglected this cereal, probably being more interested in dealing in wheat where there was more action. On the whole, weather has been favorable and, therefore, crop prospects are all that can be expected at this early date.

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CHICAGO MERCANTILE EX.

CHICAGO May 10, 1939.

President Roosevelt yesterday criticized the free spending policies of Congress, and he had particular reference to the increased expenditures contained in the Farm Bill. It seems that the Senate had rushed through the parity appropriation, and also approved an additional $113 million to finance disposal of surplus commodities. It has been known for sometime that barter proposals had been considered in an effort to rid this country of surplus stocks of wheat and cotton, and a suggested transaction with the British government in exchange for strategic raw materials, such as rubber and tin, has been under contemplation for several weeks.

Since it always takes two parties to make a bargain, it is interesting to note how the British regard this affair; therefore; we quote from the London Economist, which says in part:

> "Granting that the United States has surplus stocks to get rid of, it is difficult to see how, at this juncture in world trade politics, either Britain or America stand to gain by an encouragement of barter methods, against which they have both repeatedly inveighed."

They say the American plan is worthy of consideration, but on balance it seems to carry many more disadvantages than benefits. They add that the desire to do this is very understandable as a commercial motive, but it is not in itself sufficient reason for the British government to embark lightly upon a plan which raises a number of difficult and complicated problems. They also point out that even defense considerations do not easily justify the British government's making a large-scale bilateral arrangement with a single producer to the exclusion of other suppliers.

From what we gather, the government agencies who have been handling surpluses are quite well pleased with their experience during the past season, and having attained their motive in selling 100 million bu of surplus wheat to other countries, they will undoubtedly continue some sort of subsidy plan for the coming year.

There had not been much change overnight in the general tenor of grain news. Liverpool prices were unchanged to 3/8¢ per bu higher, and this was just a moderate response to North American advances of yesterday.

As we have pointed out repeatedly, Europe is bound to pay some attention to the crop news in this country, because, after all, traders are temperamental and become somewhat nervous when they learn of deterioration in the winter wheat prospects of the United States. Nevertheless, they can afford to be fairly independent while surplus stocks remain large and then, of course, there is no assurance yet that crops in this country are beyond repair. There had been further reports of dust storms in Canada, with high winds, and not a great deal of moisture is looked for; but on the other hand, the intended acreage report of yesterday showed a slight increase over last season, and the important period is still ahead, as good moisture in June is always the important thing for Canada.

In analyzing the Weekly Weather & Crop Report from Washington, we do not see anything particularly pessimistic, as they claim that the progress of the winter wheat crop ranged from fair to very good in most central and eastern portions, although they admit deterioration in some of the western parts of Nebraska and Kansas, and parts of Oklahoma and Texas. Jointing has extended over much of Missouri, and into central Illinois. For spring wheat they claim good to excellent progress was made, except in some of the driest areas; planting is practically completed.

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After the close of the market today, the government will issue a report, although the figures are not expected to vary much from those of the private experts. A good deal of today's buying was influenced by the great strength in May wheat. It seems that shorts and hedgers in the nearby delivery found it rather difficult to cover commitments except at widening premiums over the new-crop months.

Primary receipts were 717,000 bu versus 617,000 bu last week, and 380,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 292,000 bu.

After an early bulge our market reacted, and the weather map appeared fairly promising for some moisture in central and eastern Kansas. This, however, was not confirmed later when the official forecast was given out by the Weather Bureau, and may have been responsible for some of the later buying, although we believe that the tightness in May wheat was the main factor. At the last the nearby month advanced 1 3/4¢ per bu, while July was 1/4¢ per bu higher.

Corn was not influenced a great deal by higher wheat prices in the early trade, although later on there was some buying of the more distant months, and they advanced fractionally. On the whole, we would say that weather is satisfactory, but the primary movement is just moderate, and there is no new pressure upon the market.

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CHICAGO, May 11, 1939.

The government report on winter wheat was issued late yesterday, indicating a crop of 544 million bu. This was somewhat larger than the average of the private experts, and only about 5 million bu smaller than the official report given out in April, but was somewhat tempered because of damage claimed since the figures were compiled.

In addition to this report, from point of view of trade interest, there is also another aspect because now that these figures have been published, Secretary Wallace will have the right to decide whether or not marketing quotas will be voted upon for the coming year. In arriving at a decision he will undoubtedly include spring wheat, although this is rather difficult at the present time, since seeding operations have just about been completed. A normal yield might be 200 million bu, to which must be added the carryover, in order to arrive at total stocks on hand at the beginning of next season. The Farm Act makes a quota referendum mandatory only if the expected supply exceeds normal domestic consumption and exports by 35 per cent. The Secretary of Agriculture has rather wide latitude, and in coming to his conclusions, he may take into consideration the export markets, as well as the domestic picture.

The trade construed the government figures as somewhat bullish, believing that the final outturn might be even lower than the present estimate. In order to show how this has worked during the past ten years, we tabulate below the May estimates and the final results as follows:

Year	May Estimate	Final Yield	Year	May Estimate	Final Yield
		(Million bushels)			
1938	754	687	1933	337	351
1937	654	686	1932	441	462
1936	464	519	1931	653	787
1935	432	465	1930	525	600
1934	461	406	1929	595	578

Thus, it will be seen that in three years there was deterioration from this point onward, but in the other seven years, improvement took place; therefore, according to the law of averages, there is a better chance, provided weather is normal, that we shall have more at harvest time than is indicated at this date.

Liverpool, which had been expected higher, was rather indifferent, and their quotations registered losses of 1/8 to 1/4¢ per bu, as they construed the crop estimates as somewhat bearish.

The export demand continued rather disappointing for North American wheat and corn overnight, and, despite gains that were made here, Winnipeg was rather dull with quotations hardly higher than the previous session.

Estimated shipments from the Argentine were slightly in excess of 3 million bu, which was smaller than last week, but there are still negotiations afoot for the sale of 15 million bu to Spain, and, therefore, there is not a great deal of pressure either on the Continent or in the United Kingdom for the nearby shipments. Black sea clearances were not particularly large at 848,000 bu, and nothing was furnished this week by Russia.

One of the strengthening features again was the sharp upturn in May wheat and, apparently, there are some concentrated long interests, judging from the action of the market. There appeared, however, to be some liquidation by longs, and, therefore, after making a new high on the crop, prices reacted somewhat, although May wheat is still at a premium of 4 1/2¢ per bu over July.

(OVER)

There had been no important rains overnight. Our own weather man is hopeful that there might be some relief in Nebraska and Kansas by tomorrow, although the official forecast is for mostly cloudy weather without precipitation.

Another feature today was the disastrous fire of five of the large elevator units in the Calumet District, but being mostly Federal houses we are not just sure of how much grain will be ruined. It was thought, however, that not a great deal of wheat was in these elevators, but some hedges were lifted, apparently to take care of the losses, and at times furnished a slightly bullish impetus to the market.

At the last July wheat showed a slight decline from the previous close, amounting to 1/4¢ per bu; September wheat was 1/8¢ per bu lower.

Corn was largely influenced by the destruction of the South Chicago elevators; the operators were compelled to lift hedges in rather substantial quantities, and this probably more than the early advance in wheat accounted for today's strength. There is no change at this writing in the general crop outlook.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 12, 1939

Weather at this time of the year is so important that we make every effort to try to keep our clients as well informed as is humanly possible to gauge with accuracy any change. Yesterday we mentioned the fact that Johnson, who is our weather expert, and who reads the map very conscientiously, was quite hopeful of some rains in Kansas and Nebraska. However, not to be misleading, we also gave the official Weather Bureau's report, which predicted cloudy skies, but no rains. Of course, when talking about future events, there are always uncertainties, but there is great science to map reading, and on the whole, Johnson's forecasts have for years been very excellent. During the session today a good many showers were reported; in fact, many places in eastern Oklahoma reported heavy rains. These also extended through scattered districts of Kansas and into southwestern Nebraska, where apparently the relief was very welcome. Several sections of western Kansas had sprinkles, and our own forecast is for further rains tonight in the central west and southwest. So this could hardly be regarded as a great drought year such as history recorded in the past. Unfortunately, the Northwest will probably be dry tonight and Saturday. Inasmuch as a great many people are watching crops very closely, there were some bad reports from those districts where seeding operations have but recently been completed, and this furnished new impetus for advancing markets, following an early break.

We consider it very lucky that crops are still under the control of Nature, because if handled by man there might be certain elements that would be forgotten. It is like the old fable, where there was plenty of sunshine and plenty of rain, but the element of wind was left out, and, therefore, the grain did not pollenize and was finally a failure. There is such a thing as providing too much attention and nourishment for anything that grows, as sometimes even a baby that is cuddled and pampered too much cannot develop properly. Therefore, we presume that a certain number of hardships are necessary for proper endurance and strength. In any event, this is the season of the year when all kinds of reports are heralded, and there has been considerable apprehension owing to the many adverse reports, and even sensational ones which at times filtered in and had a great deal of influence upon price. That there must have been exaggerations is easily evidenced by the fact that the government shows hardly any loss in prospective yield between April and May, only reducing the figure by about 5 million bu. There was one item on the ticker this morning stating that it was a little too early in the season to mark fields that are still alive as completely lost, but that dashing scattered rain will be little value. Possibly this is true in certain sections, but we have a wire from a competent man associated with a mill, and he claims that with everything normal, Texas might still raise 35 million bu, and Oklahoma 50 million bu. He adds, however, that they should have rain within the next ten days, and that if this happens, prospects are regarded as good in these two States. In view of the fact that moisture is now falling in many areas of Oklahoma, this must add cheer to farmers in that State.

Liverpool quotations were rather indifferent, and declines of 1/4 to 5/8¢ per bu were registered. When one looks at the price of new May wheat in that market, at only 59 5/8¢, it lends very little encouragement if help is to come from European sources. There was great weakness at Winnipeg yesterday, although that market showed a slight recovery this morning. According to one item which appeared in the Winnipeg Free Press, the growing crops have suffered some damage as a result of recent high winds, but the roots have remained firmly anchored to the soil, and favorable weather will bring them on again. According to the Searle report, at the present time prospects are for an average yield for the three Prairie Provinces as a whole, that will be 91% of the average. The long-time average wheat yield for a term of years has been 16 1/2 bu to the acre. They figure largely on

(OVER)

moisture reports, which are about 91% of normal, taking into account the precipitation that occurred last fall. Some, of course, will theorize in a different way, but the fall precipitation in the past has been an important influence governing the following year's crop.

The combined Southern Hemisphere shipments this week were 4,800,000 bu; therefore, the demand from North America was rather dull today, but we have mentioned on previous occasions that Europe is in a fairly independent position.

Primary receipts were 874,000 bu versus 758,000 bu last week and 570,000 bu last year. Owing to a large decrease at Duluth, apparently representing shifting of stocks, supplies at Kansas City, Duluth and Minneapolis show a total decrease of 2,304,000 bu. This suggests a rather heavy shrinkage in the visible supply on Monday, compared with last year's of 2,588,000 bu.

At the last our market was influenced by the many reports of rains covering wide areas of the Southwest; heavy clouds suggested that these might continue, and at the close July wheat showed a decline of 3/8¢ per bu, with September wheat also being 3/8¢ per bu lower. May wheat remained at a rather large premium over the new-crop months.

Corn was firm at times, but trade not extremely heavy. With rather large covering yesterday, owing to the fire at the South Chicago elevators, it has temporarily at least given the market a little added firmness.

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CHICAGO MERCANTILE EX.

CHICAGO May 15, 1939.

For the past week or more crop news has been the dominant feature as affecting grain prices, and very little attention was paid to other news which heretofore had held the center of attention. As a matter of fact, there was very little political excitement in Europe, and with rather large wheat reserves set up to meet possible war emergencies, European importers were rather indifferent to advances over here. Even this morning, Liverpool responded rather feebly to the sharp upturns that had taken place in Winnipeg and here on Saturday, and their closing values were only 1/8 to 3/8¢ per bu higher for the July and October deliveries.

This was understandable in view of the fact that world shipments were larger than recently, amounting to 12,323,000 bu, and apparently more than the weekly average necessary to attain Broomhall's import requirements. North America had shipped heavily and furnished about 6 million bu of the total. As a result, stocks on ocean passage increased and now stand at 35 million bu, which is about 8 million bu less than a year ago. There was a rather disappointing demand for North American grain, New York exporters reporting no business over the week-end, or at least the amounts were very trivial.

The first question asked by most traders when they came down this morning was the amount of moisture over the week-end, and the answer was that very few sections in the grain belt had been relieved, although temperatures were low enough so that temporarily at least there was probably not as much fear of further deterioration as might otherwise be the case. When the map was published, it suggested that there might be a few showers along the Canadian border, and possibly some also in southern Kansas and Oklahoma, but as yet there was no promise for general moisture. The weekly bulletin issued by the government spoke of fair to good progress east of the Mississippi valley, Missouri and eastern portions of Kansas and Nebraska, but in western Kansas and central and southwestern Oklahoma and western portions of Texas, they claimed that further deterioration had occurred as a result of drought. They also figured on abandonment which would be materially greater than last year. Speaking of the spring wheat crop, they said that seeding was practically completed and conditions were reported generally satisfactory; although rain would help in western and northwestern Minnesota and Montana, showers had promoted rapid growth in eastern South Dakota.

All this news was available before our market opened, but at the outset prices were very firm at around Saturday's closing levels. There had also been numerous excursions by observers, and they were somewhat mixed in their views, although from Oklahoma and Texas more optimistic than elsewhere, due to the recent moisture. Some who had driven into western Kansas found decided improvement in the wheat prospects since last week's rains, and especially in the district where bad reports had emanated ten days ago. From Nebraska, we were receiving dry weather reports and, generally speaking, the news was such as to discourage any important short selling, although there was a fair amount of profit taking to stem sharp advances. Also early weakness at Winnipeg may have discouraged further investment purchases, with the situation somewhat mixed. Probably the one optimistic item is that the northwest weather, while clear had been generally cool over the week-end, and continues so; therefore, rains, if they occur during the next ten days, may still bring benefits. According to the survey of the Federal Agricultural Statistician, at Fargo, North Dakota, heavy rains before the end of May will be required to see continued growth of crops in that State.

When the visible supply of wheat was posted today, it showed a decrease of 4,430,000 bu. This was considerably more than last year, but also takes into account the reduction in Chicago of 858,000 bu, which may be largely accounted for because of the elevator fire last Thursday. Then also, Duluth stocks decreased over 2 million bu with

(O V E R)

the opening of navigation, but only a portion of this showed up on the lakes. There is still 27 million bu more in various positions than there was a year ago at this time. Today's primary movement was quite substantial --1,309,000 bu versus 1,149,000 bu last week, and 1,047,000 bu last year. Carlots at various points were fairly heavy, and possibly this is due to the fact that some grain is being released under government loans because of the high price prevailing for May wheat. As a matter of fact, it is only reasonable to suppose that farmers who have stocks of old wheat still on hand will try to merchandise it on present basis rather than to wait for the new crop where the later deliveries are selling at a discount.

At the last May wheat was 1 1/4¢ per bu lower than the previous close, and July declined 3/8¢ per bu.

Trade in corn was not particularly heavy, but there seemed to be some hedging coming into the pit, and new buying power was not particularly active. The recent rains in Illinois must be helpful. Almost every reporting station had some moisture over the weekend, although in some localities it was rather light.

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CHICAGO MERCANTILE EX.

CHICAGO May 16, 1939.

Under the 1938 Farm Act, mandatory quotas restricting the quantity of wheat that each grower may sell must come up for a referendum if the prospective crop and carryover should be 135 per cent of a normal year's domestic consumption and exports. The average for ten years was 756 million bu, and 135 per cent of this figure would be 1,021,000,000 Late last night, Mr. Wallace calculated that the prospective crop of winter and spring wheat would not exceed 704 million bu, and adding to this the carryover would make total supplies of 974 million bu; therefore the Department decided to abandon any marketing quotas for the coming year. At the same time, it was announced by the Secretary that next year's plantings would be on 62 million acres, which is an increase of 7 million over the 55 million acres allotted this year, although actually about 65 1/2 million acres were seeded.

It was no particular surprise in trade circles at the action taken, and, likewise, it had very little effect upon the market. Some consider that heavy allowance was being made for possible damage in the spring wheat area, although at the present time rains are needed and subsoil moisture remains deficient. With prices at Liverpool hardly changed from the previous day, there was little from Europe to guide us, aside from some export business in Manitoba wheats, with four cargoes having been reported sold late yesterday to the United Kingdom. The trade, however, has bought wheat recently on the theory that there has been considerable deterioration since the government figures were released on May 1st, indicating a winter wheat crop of 544 million bu. While it is true that some areas had gone backward, it must also be a fact that little has been said about improvement in sections where rains have taken place. There is more general talk now that Texas and Oklahoma may have a combined crop of 85 million bu, and with additional moisture overnight in the Texas panhandle, widely separated areas were benefited and the rains were quite general, some sections receiving as much as half an inch to an inch of rain.

Then, also we find that there is practically no comment about the central states, which are also important, and where the crop observers have on the whole neglected to pay their seasonal visits. For instance, the Baldwin Elevator Company stated yesterday that winter wheat continued above average in all sections of the State, generally well stooled, jointing in central and southern areas; stands are heavy and the plant has a good color. We have also seen some good reports from Ohio and Indiana, and, therefore, should not be surprised to see offsets against the possible reduction in Kansas and Nebraska.

The weather map did not suggest much moisture during the next 24 hours, except possibly showers along the Canadian border, but the official prediction was somewhat more hopeful, with possible showers in the extreme southern portion of Kansas tonight, Wednesday mostly cloudy and cool with showers in the East and somewhat cooler Northeast. For Nebraska, increasing cloudiness, becoming unsettled Wednesday, but generally cool. For the Dakotas, some possibility of light scattered showers, and with this situation there was liquidation of long lines, although not on a very heavy scale.

With further talk as to the possible loan price in this country at a higher figure than during the current season, and with also minimum prices in Canada, it is interesting to note that there is some comment in the Argentine of amending the present law in respect to the 1939 crop, or at least reducing the guaranteed price to a lower figure. The Times of Argentina, commenting editorially, states that the price of 7 pesos were costing the public something in the neighborhood of 50 to 60 million pesos this year, which is in a period of great scarcity of funds because of reduced trade. Punishment, they claim, is so heavy that it is not likely that either tax-payers or politicians will forget it. As a result, there is not likely to be any further agreement to a minimum price for any Argentine product.

(O V E R)

Primary receipts were quite heavy at 1,184,000 bu compared with 675,000 bu last week, and 305,000 bu last year. Apparently advantage is being taken of the strength of nearby deliveries with the country selling more freely, and with demand only fair, two hard wheat here in Chicago has sold closer to a delivery price than at any time in months. So far this week Kansas City and Minneapolis stocks show a total decrease of 30,000 bu.

At the last May wheat showed a decline of 1 3/8¢ per bu, while the new-crop months were 1¢ per bu lower.

Corn was just fractionally lower. The primary movement keeps up pretty well, considering that farmers are busy in the fields, and industries are getting their requirements on a reasonable basis.

Oats, which had been fairly active recently, closed lower, and during the past day or two there has been considerable liquidation of long lines. Cash demand was also easier.

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CHICAGO MERCANTILE EX.

CHICAGO May 17, 1939.

Through the passage of the recent Farm Act, the Secretary of Agriculture has been given great powers and even greater responsibilities. To determine 12 months in advance what the acreage should be in order to provide sufficient grain for home consumption and yet not have a shortage is not easy for any human being to accomplish. We all know that it is one thing to control acreage and yet something quite different to try to control the yield, because Nature sometimes works great wonders, while at other times there are disappointments.

When Secretary Wallace tentatively decided that 55 million acres should be sown to winter and spring wheat for the current season's crops, he probably had in mind that this would be sufficient to take care of domestic requirements; yet on May 15th, he estimated that this year's production would probably not exceed 704 million bu, and still the farmers planted more than 10 million acres in excess of what was permitted under the government allotment. Therefore, if farmers had complied strictly to the law there might have been shortages, except for the fact that the carryover was more than normal. Possibly this is recognized at the present time and a partial correction is being made, as the allotments for next year have been raised to 62 million acres, and it is possible that even this figure will be exceeded, the same as it was the previous season. There are still a great many uncertainties, and the outcome of the spring wheat crops will have an important bearing upon our price level.

Last Saturday's weekly weather forecast issued by the government held out very little hope for moisture during this period, and while there have been no general rains of importance, there was scattered precipitation in Minnesota, and the weather map this morning was somewhat hopeful that the Dakotas will be benefited. The map is not an easy one to read and while there appears to be a fair chance for a change, there may be some places that may receive ample moisture, while others will only get small amounts. However, it is still fairly early in the season and on many occasions in the past it has not rained everywhere at the same time, but yet a general showery condition was of immense benefit. We also found that contrary to some of the forecasts of yesterday there was a fair amount of rain in western Kansas and eastern Colorado, and this was regarded as important, particularly as there were indications for more showers and thunderstorms over parts of the Southwest.

Liverpool quotations were somewhat lower, losses of 1/2 to 3/4¢ a bu being registered, and despite a fair scattered business the demand is not sufficiently large to boost prices materially, either in Canada or in the Argentine, where large surpluses still exist. Broomhall has revised his estimates of importers' requirements by about 12 million bu, claiming that 580 million bu will be needed, and the increase was all due to better demand from the Orient, which we presume was largely taken care of by Australia.

According to Sanford Evans, wheat seeding in the Prairie Provinces is well over 90% completed. The plant is up in southern districts and of even growth. High winds have caused damage to some standing crops. Precipitation during the week was light and scattered. He claims that heavy general rains are required to insure good progress of the crop. At the present time there are still 142 million bu wheat remaining in Canada for export and carryover, with only 2 1/2 months until the next harvest. There is still a fair demand for high protein Manitoba wheat, as English millers need it to mix with the poorer varieties obtained elsewhere.

Primary receipts today were 895,000 bu compared with 717,000 bu last week, and 418,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 135,000 bu.

(OVER)

Trade was just moderate, and action was nervous; we presume that until there is pretty general moisture Northwest there will be no heavy liquidation, and possibly very little short selling. The strength in May wheat at times was also a feature, and at the close of business yesterday there remained 5 1/4 million bu of open contracts, with only five trading sessions before this future expires. Therefore, there are a great many uncertainties, as the quantity of wheat here in Chicago available for delivery purposes is limited. Of course, if the price would get too high, hedgers could sell May wheat between now and Monday, and would have the balance of the month to make deliveries by applying their cash wheat on tenders. At the last May wheat was 1¢ per bu higher; July wheat closed 1/8¢ per bu lower.

Corn had very few friends, and we think there was some short selling. However, at times during the session when firmness occurred in wheat there was some sympathetic buying, but at the last changes from the previous close were not great.

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CHICAGO MERCANTILE EX.

CHICAGO May 18, 1939.

In an attempt to discourage flight of capital from Great Britain, Sir John Simon, Chancellor of the Exchequer, has requested voluntary cooperation on part of investment houses to refrain from quoting Wall Street prices. So far no mandatory steps have been taken but it is understood brokers are complying with his request. This does not mean that any British individual must sell his present holdings of dollar or other foreign securities, and, therefore, it had no effect on our security market, but it remains to be seen whether more drastic action will be taken in the future. However, it is one step further in the attempts to control economic laws, which at present have international relations in such a topsy-turvy condition. Barter schemes, production control, export subsidies, import quotas and high duties are preventing the world from laying the foundation of any permanent business revival.

Liverpool cables furnished very little incentive and wheat quotations were unchanged to 3/8¢ per bu higher at the close. Traders in that market are uncertain regarding the crop outlook in the U.S. On the other hand, there were rather liberal shipments from the Argentine and the quantities afloat for Europe are gradually increasing and are now about three million bu more than a month ago. Canadian and Argentine wheat is very plentiful and importers do not seem to be worried about obtaining sufficient supplies.

Overnight showers were quite general in Oklahoma, and also parts of Texas and Kansas. In the latter state, Pratt reported 1 1/4" moisture; Dodge City, 1 1/2", although this was purely local; Hutchinson had .3"; Irving, Kansas, 1/2". This covers a wide territory, although the rains were quite spotty. In the Northwest, a few scattered rains were reported, although nothing of great consequence. There seems to be a divergence of opinion between the official, which does not forecast any moisture for the spring wheat states, and the Krick service, as well as that of our own private forecaster, who seem to be more optimistic for additional showers. Weather developments are now being watched with keen interest by all traders, as the outturn of spring wheat will be the final factor in determining our price level. During the past 30 days there has been a deficiency in moisture, and rains are badly needed to relieve the tension. The past week or two there have been substantial rains in parts of the Southwest, although many sections have been inadequately supplied; therefore, both the most pessimistic and the most optimistic forecast as to the size of the winter wheat crop will probably have to be revised. As far as the four Northwestern states are concerned, since April 1st they have received less than half the normal moisture for this period, but temperatures have been below normal and it has, therefore, extended the period in which relief would be necessary after such a dry period.

While much can happen to the final yield between now and harvest (weather conditions two weeks before harvest can make a difference of several bushels per acre) if we use the figure of 704 million bu suggested the other day by the Secretary of Agriculture as the possible wheat crop, it would still leave us with a surplus of about 274 million bu, of which the government probably plans to have a moderate amount exported through subsidy. Marketwise the weather is now the all-important item. Later on, the total quantities available will be the final factor for determining the price. According to allotment figures, the farmers will be permitted to plant 62 million acres for the next crop, which no doubt they will do as a minimum, depending on conditions at seeding time. With normal weather this should insure continuance of a large surplus in this country. The rest of the world has an abundance of wheat carried over this year never before equaled, and their acreages appear to be about the same as those of the past few ears; therefore, it would seem as though only normal amounts will be required by importing countries, with Canada and Argentina being able to supply much more than normal quantities from their old-crop supplies for many months to come. Inasmuch as the price of wheat in the United

(OVER)

States is considerably higher than that of any other market in the world, we shall finally have to be governed to a great extent by the price trend in other countries. According to Broomhall, complaints are being received about droughty conditions in the Argentine causing a delay in seeding of the new crop. Weather in France is unseasonably cold and wet, and crops are reported to be about three weeks late and in need of warm sunny weather.

Shipments from Argentina are showing an increase, and this week amount to 3,866,000 bu against 3,266,000 bu last week. Black Sea shipped 1,808,000 bu, with no clearances reported from South Russian ports. Since August 1st, Black sea shipments have totaled 80,028,000 bu versus 74,674,000 bu same period a year ago.

Primary receipts in this country were 1,028,000 bu versus 1,033,000 bu last week, and 480,000 bu last year same day; at present levels the country seems to be a more willing seller partly due to the release of loan wheat. Stocks at Kansas City and Minneapolis so far this week show a decrease of 184,000 bu.

The trade remains highly nervous over present crop prospects, and it will no doubt take a good rain in the Northwest to ease the situation. Crop reports received from the Southwest varied today, some being very pessimistic, while on the other hand an article in the Kansas City Journal Post from Dodge City, states that wheat crop prospects in the Kansas "Bread Basket" boomed today when rainfall totaling nearly 2 inches soaked the plains land of Ford County and surrounding territory. However, for the present traders seem to pay more attention to the bad reports. At the close July wheat showed an advance of 3/4¢ per bu. The open interest in May wheat as of last night still stood at around 5 million bu with only four trading days left. The action of this delivery was rather erratic, closing 1 1/8¢ per bu higher.

Corn was more or less neglected, and showed no inclination to follow the strength in wheat. Farmers are now busy working in the fields, and this is reflected in primary receipts, which today were only 597,000 bu against 620,000 bu last week. The export demand remains quiet, and developments of the new crop will be the final regulator of price.

Rye was strong, reflecting the dry conditions in the Northwest.

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CHICAGO MERCANTILE EX.

CHICAGO May 19, 1939.

The international price level is still controlled largely by the heavy surplus remaining in the Argentine and the selling policy of that nation, where liberal quantities are still available to European importers. Broomhall still figures that there is 172 million bu surplus, as of this date, although official figures are not being made public. It is most unusual that any such quantity should be on hand at a time when we are already beginning to think of exporting new-crop wheat from Gulf ports. However, there was never a period when they pressed their wheat very heavily, and it is probably the first time in history that such a merchandising policy has been pursued, as in most years they carried very little over from one season to the next.

In Australia, we find that, despite a smaller crop than the previous year, there still remains 46 million bu for export compared with only 40 million bu a year ago. When it is considered that such very large quantities were taken by the Orient, this is not a particularly good showing. Both of the factors mentioned above would become relatively unimportant if we would have crop failures both in this country and in Canada during the coming season, and a great many people in their trading operations are preparing for this very thing.

While the recent rains in the Southwest have been spotty, there was scarcely a day when there was not precipitation in one place or another, and this retarded deterioration in many sections, and even brought about improvement in others. Some still believe that while a general rainfall is necessary, having been highly localized up to this time, there is still an opportunity that with further good rains to help fill the wheat next month, prospects might improve and yield a better crop than is now indicated.

As far as the Northwest is concerned, the writer spent a day in Minneapolis, just having returned this morning, and spoke with a great number of people. Naturally, some apprehension is felt because of the deficiency in subsoil moisture, although most of the conservative people still feel that rains within a week or ten days would be of tremendous value. Therefore, with map readers more hopeful this morning, and the official forecast for the Dakotas and Minnesota indicating showers tonight and tomorrow, there was some hesitancy after early buyers had been filled up.

There is little heard from Canada, as June is generally the critical month up there, although average precipitation since April 1st is somewhat disappointing. The amounts received were as follows:

	1939	1938	Normal
Manitoba	1.31 in.	2.03 in.	1.88 in.
Saskatchewan	.65	1.91	1.53
Alberta	1.12	2.78	1.98

The above does not tell the complete story, as both fall and winter moisture was good, and some are of the opinion if we have normal precipitation from this time onward that it is still possible to have a fair crop. Up to now severe damage has been reported only from points in Southern Saskatchewan, but elsewhere just slight injury was experienced. Sanford Evans believes that good rains would promote recovery. Seeding operations are almost completed. There is probably a deficiency in subsoil moisture in Manitoba, but in the other two provinces moisture reserves have offset to a good extent the light rainfall since April 1st. There was some moisture reported today in Alberta.

(OVER)

Taking the picture as a whole, we believe that the stage is set for crop scares both for our Northwest and Canada, and regardless of the final outcome a great many observers will probably send in reports later on of a bullish nature, unless generous and wide-spread rains occur soon in all spring wheat areas.

Primary receipts today were fairly large at 933,000 bu versus 874,000 bu last week, and 646,000 bu a year ago. So far this week Kansas City, Duluth, and Minneapolis show a net decrease of 196,000 bu. Indications are for a moderate shrinkage in the visible supply again on Monday; it will compare with last year's decrease of 2,321,000 bu.

During the session rains were reported in scattered sections of North and South Dakota. The Minneapolis market weakened somewhat, and this in turn influenced us, with our July wheat finally closing 1/8¢ per bu higher than the previous close; the September wheat was up the same.

Corn was strong at times, and we think influenced by higher wheat quotations. When buyers entered the pit they found offerings rather light. The primary movement, however, is of fair proportions, and crop prospects seemto be maintained. Moisture conditions East of the Mississippi are generally good, and this is where many of the large corn States are situated. When late selling appeared reactions took place.

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CHICAGO

May 22, 1939.

Liverpool was somewhat reactionary this morning, quotations being unchanged for the nearby months and slightly lower for the more deferred futures. World shipments of wheat were substantial this week; in fact, larger than for some time, amounting to 15,334,000 bu compared with only 8 million a year ago. In addition to good Southern Hemisphere clearances, North America put 6 3/4 million bu afloat, and apparently the business from Canada has been on the increase in recent weeks, with good quantities of high protein wheat necessary for blending purposes. The amount on ocean passage is slightly over 40 million bu, and is nearly as large now as it was a year ago.

However, our market paid very little attention to the foreign news and again traders looked at the weather, finding that while there had been a fair amount of moisture in parts of the Southwest, the same condition had not occurred in the Northwest, where there were only spotted rains of insufficient amounts, taking into account the deficiency of subsoil moisture. Almost as soon as the bell struck here for the opening of our market, we found that Minneapolis quotations were considerably higher and buyers were willing to pay advancing prices, either for further commitments or for the reinstatement of lines recently liquidated.

Possibly also the government's action in establishing higher loan prices prompted some of today's purchases, and it has been announced that 80¢ will be the price if loans are invoked to farmers on basis of either No. 2 red, or No. 2 hard wheat at Chicago, which is a few cents more than was granted a year ago. As July wheat had closed at around 74¢ there was the feeling that possibly a large amount of wheat might be withheld from the market by compliance farmers, although it has been expected for some time that the loans would be at a higher level than a year ago, and consequently, the news may have been partially discounted before today. Besides all this, today was the last session for trading in the May future, and apparently there was a great deal of evening up to accomplish because those who have short commitments which are not bought in will have to settle their contracts through delivery of grain between now and the end of May. At the close of business on Saturday there were still nearly 4 million bu of open contracts, but apparently with a fairly large trade today both longs and shorts were able to meet without much market disturbance. However, May wheat expired at the highest price on the crop, and was nearly 7¢ per bu over the July delivery.

When the visible supply was posted it showed a decrease of 1,998,000 bu, and the total is now 60 million bu compared with only 32 million bu a year ago. Chicago stocks increased 205,000 bu. There are 4,491,000 bu locally held, but apparently only a limited amount is available for deliveries if necessary. Today's primary movement was 915,000 bu, which was smaller than last week when it amounted to 1,309,000 bu, and compares with 784,000 bu last year.

At the last our market was unchanged, with some showers forecast for the Northwest. A friend of ours who has been watching crop conditions closely for thirty years, has told us that while southwest rains covered mostly eastern Kansas and Nebraska, they were not the good general rains in the eastern half of that district which had been desired. However, the weather today was cool, and there was some moisture in the air, which made it rather good for the growing plant.

Corn was more or less neglected, and received very little benefit from early strength in wheat. There apparently is the feeling that crop conditions remain satisfactory.

Oats and rye were firm. The latter cereal is influenced by dry weather in the Northwest, and not a good crop outlook. However, with probably more than 4 million acres still standing for harvest, should moisture occur in time, there is still an opportunity for a better crop than now indicated, although prospects point to a much poorer yield than a year ago, and also considerably smaller than the last government report.

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CHICAGO May 23, 1939

Reports from Liverpool were to the effect that their market was rather dull, with slightly higher offerings from the Argentine, and a moderate inquiry for Manitoba wheat, but their futures were unchanged to 1/8¢ per bu higher. It seems, despite the knowledge that European crops will be smaller than those of last year, that there is no aggressive buying at the moment, nor any great anxiety about future supplies. If it were necessary to sell wheat from the United States to either England or the Continent, we are convinced that the subsidy would have to be about as high as it was at any time; but apparently there is no new export business being pushed, and possibly our government is waiting to see what the yields are next summer before coming to any definite conclusions. Their last year's program was apparently successful from point of view of total exports that will be reached by the end of the season, the amount possibly being slightly in excess of 100 million bu.

At the present time, the grain trade seems disturbed over other governmental policies in connection with loans. We have seen in the past how heavy accumulations have taken place in cotton and in corn, and with the farmer able to borrow 80¢ at Chicago and 77¢ at Kansas City, the early run of wheat may be restricted; or, if it does come to terminals, it may not all come on the open market. Should this occur on a heavy scale, it might force futures prices close to the loan figure; but on the other hand it would make it that much more difficult to export grain except with heavier subsidies. There is another possibility, and that is, there will be enough free wheat moving to take care of the demand, but if premiums existed for the nearby deliveries, there might be less demand on part of millers and bakers, because without a carrying charge it would be more hazardous to carry supplies. Of course, nobody can say at this time what either the winter wheat crop or the spring wheat crop will amount to, so there are a great many uncertainties in the picture, but even more than the usual amount because of the various outside influences.

Grain news itself was somewhat mixed. It had been mostly dry overnight in the Southwest districts, with temperatures somewhat higher, and we believe this factor encouraged buying operations, althohgh it is not unusual for temperatures to rise towards the end of May. In the Northwest, there had been a fair amount of relief; not as much in North Dakota as elsewhere, but the predictions were for further precipitation, although little attention was paid to this news, despite the fact that the Minneapolis market was somewhat easier in relation to ours. Every reporting station at Montana had some rains, according to today's government bulletin, and all but two points in South Dakota were similarly favored. In North Dakota, the rain was heaviest around Dickinson, where .72 inch fell. Elsewhere it was lighter. Map readers seem to think that the southern sections of the Prairie provinces will get some rain overnight, and the Winnipeg market lost ground on us, just advancing fractional amounts.

Primary receipts today were 1,369,000 bu versus 1,184,000 bu last week, and 413,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 48,000 bu.

Our market advanced rather easily, although best figures of the day were not maintained, and at the last July wheat was 1 1/4¢ per bu higher, while the September rose 1 3/8¢ per bu.

There were some complaints over the corn belt that rains would be wanted soon, and the market was slightly higher, although no particular feature.

Rye was again in good demand. There was further crop damage reported from the Northwest, and Minneapolis futures seemed to take the lead, being close to those territories, and this in turn influenced us.

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CHICAGO May 24, 1939.

The carryover feeling from yesterday was quite bullish. High temperatures had been reported in many parts of the Southwest, and there were a number of reports claiming deterioration in Kansas; therefore, it was not surprising that our market opened higher this morning.

News from Europe was quite indifferent, but traders seemed to ignore it entirely. Quotations at Liverpool were slightly lower for some futures, and a shade higher for others, and with the third Argentine estimate on the wheat crop indicating a yield of 336 million bu, it naturally gave reassurance to importers that there would be no scarcity from that source. This last estimate raises the crop about 16 1/2 million bu and makes it the second largest one on record. Had Winnipeg been open today this news might have influenced that market, particularly as there were some fairly good rains in that country, but owing to a holiday with the King and Queen visiting their city, the exchange was closed. Therefore, we were the leading North American market, and with hardly any selling pressure, prices advanced more than 2¢ per bu, as a buying wave swept the pit.

The Robinson Elevator report from Kansas City was a rather bullish document. It claimed that the outlook has changed from a fair crop to a short one, and estimated a yield of slightly less than 102 million bu, based on conditions at this time. It did add, however, that good general rains at once would not only prevent deterioration but would add bushels to the crop. Even the moisture in the Northwest failed to temper enthusiasm here, and when the weather map was posted, it suggested that precipitation might continue tonight and tomorrow over many of the Northwest areas. Houses with North Dakota connections stated that around Devil's Lake and Bismarck there had been a half inch of rain since late yesterday; and there were other messages rather optimistic in tone, but these influenced more the Minneapolis market than they did Chicago.

We would say that the situation in Canada is considerably better than in our spring wheat states. Recent precipitation is improving subsoil reserves in several districts, and, according to Sanford Evans, it will provide sufficient surface moisture for several days' requirements. Furthermore, soil drifting has been definitely checked and damaged crops are expected to show recovery. We give below total rainfall from April 1st to May 23 for the three provinces:

	This year	Last year	Normal
Manitoba	1.67 in.	2.21 in.	2.25 in.
Saskatchewan	1.66	2.12	1.90
Alberta	2.44	3.16	2.31

Estimated weekly Argentine shipments are large for this season of the year at 4,225,000 bu, but of course with such tremendous reserves still on hand heavy clearances may continue for sometime to come.

Export business generally from North America was dull, and we have not heard of any United States business in some time. It is not expected that any plan will be formulated as to subsidizing sales of wheat and flour until possibly the last week in June. The federal government may force some of its surplus wheat stocks into export channels, even if a formal export subsidy program is not adopted, although here again there is nothing definite. It is understood, however, that an agreement was made sometime back that the Farm Administration, through the FSCC, would take over any supplies of wheat which had been pledged under the loan and not reclaimed by the producers; and since a commitment was made that these supplies would not be turned into domestic channels, it might be incumbent to find an export outlet with the exception of small amounts possibly utilized for relief purposes.

Primary receipts were 832,000 bu versus 895,000 bu last week, and 385,000 bu last year. Kansas City and Minneapolis stocks show a total increase of 134,000 bu so far this week. Statistics had no bearing upon the market, nor was any thought directed to the prospective large carryover, as fears that the total spring and winter wheat crops would hardly be more than domestic requirements, offset most other considerations.

At the last July wheat was 2 1/2¢ per bu higher; this future lost fractionally upon the September, which rose 2 3/4¢ per bu.

Corn derived some benefit from wheat, but there were messages from the corn belt claiming that rains were needed over a wide area, and these were responsible for more outside buying. Bookings to Chicago increased.

Oats and rye were strong; the general bullish feeling that prevailed on the floor was helpful. The oat crop will probably be late, while conditions are not too optimistic for good yields.

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CHICAGO MERCANTILE EX.

CHICAGO May 25, 1939

While weather has been very carefully watched during the last fortnight, there must have been other influences in the wheat market also, because even rains when they occurred in important areas, hardly had the usual market influence. We mentioned in some of our previous letters that possibly the higher government loan price was a factor. It was considered by some in the trade that the movement to market would be restricted, although we have seen that last year this was not the case to any important extent, and certainly cotton prices declined at times way beneath the loan value.

There has been a better feeling in speculative circles generally, and the stock market advanced lately owing to the belief that freer spending of money might be somewhat inflationary, and a certain amount of sentiment was thus transferred to commodities, which may explain the recent action of wheat.

We are not trying to make business forecasts, although we recognize there is a psychological feeling at times that sweeps over commodities and securities markets together. As far as the grain situation is concerned, it may have been losses in the prospective winter wheat crop since May 1st that stimulated buying. However, the price is 10¢ per bu higher than it was six weeks ago, and during this period foreign markets have only sympathized feebly. At today's close, Winnipeg October wheat is 10 1/4¢ under our September, and this would mean larger subsidies than ever before, to get our surplus into consuming channels abroad.

There had been additional rain in the spring wheat areas and the picture looks much more hopeful than it did a few days ago. In the Southwest, there was nice precipitation around the Amarillo territories, and apparently it was spreading northward, with the map suggesting the possibility of showers in parts of Kansas and Nebraska tonight; in fact, as we are writing this letter, we hear of rains at Lawrence, Kansas, and at Falls City, Nebraska. Temperatures have also dropped and will probably be less oppressive than they were during the past two or three days.

With Liverpool quotations this morning unchanged to 3/4¢ per bu higher, it afforded very little encouragement to the Winnipeg market, where a holiday had been observed yesterday. Winnipeg prices were quite unresponsive, considering our sharp gains yesterday, and at the last they were only 5/8¢ per bu higher.

Canada is getting rather sharp competition from the Argentine, with actual shipments this week 4,614,000 bu compared with only 718,000 bu last year. Broomhall estimates that there are still 182 1/2 million bu of wheat to spare from the Argentine, while last year they only had 43 million bu left. There were also shipments of more than one million bu from Black sea ports compared with only 400,000 bu last year. Therefore, world clearances on Monday will make a rather good showing.

Primary receipts were quite substantial today - 1,111,000 bu versus 1,028,000 bu last week and only 467,000 bu last year. The best prices of the day were registered right after the opening and we would say that general sentiment was quite bullish at the start, but after the weather map was posted, some liquidating orders came into the pit, with the result that July wheat closed 3/4¢ a bu lower than the previous session and September lost 5/8¢.

Corn was rather firm and apparently rain is needed over much of the belt. There is some chance that this may develop during the next 24 hours. Meanwhile the primary movement is quite large, indicating that the farmers must be satisfied with the present price. We hear from many sources that a large amount of hybrid seed was used this year; therefore, the results may be satisfactory despite decreased acreage.

Rye, which has been a favorite for some time, was influenced by wet weather in the Northwest and new buyers could only be found as the market declined.

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CHICAGO May 26, 1939.

Whether another inflation psychology has started, is difficult to tell, but it has been apparent for several sessions now that our market was probably stronger than the weather news would warrant, as there has been fine moisture rather scattered throughout our Northwest, and in Canada, with nice rains overnight in southwest districts. First reports today came fromAmarillo, claiming lower temperatures which had brought scattered rains to southern and eastern portions of the Panhandle yesterday and early last night. An inch fell in the vicinity of Miami, benefiting crops and range conditions materially. Later reports which came to us indicated five inches at Genoa, Nebr., and two to three inches in the territory around Albion. Hutchinson was favored, and Tribune, Kansas, reported 1 1/2 inches and it even extended into the western areas, with Syracuse getting over 1 inch, and this is in the southwestern part of the State. We do not find room in this letter to give complete details, but we are led to believe that soaking rains occurred in many other districts, and even extended into Oklahoma. The forecast is for showers in central and eastern portions of the Southwest tonight and Saturday, and undoubtedly reports of improvement will be at hand before long. In North Dakota there were general rains over the whole state, ranging from a trace to better than 1/2 inch around Napoleon and Hankinson, and wonderful moisture in South Dakota; therefore, the prospects up there are also improved, with Montana reporting light rains also in the eastern half.

However, wet weather was almost entirely ignored and buying orders, which apparently came from houses with eastern connections, lifted prices materially from an early break. The fact that the stock market has been stronger lately possibly lent a better tone generally to commodity markets as well. A great many people are again impressed with the spending policies at Washington, and no doubt money will be forthcoming for various projects, as there is less concern at present about economy. When we look back over a period of 23 years, we find that the total cost of federal, state and local governments in 1916 was about 3,261 million dollars; the same government costs in 1936 were over 17 billions, or five times as great, and the gross national debt on June 30, 1939, is estimated to be over 41 billion dollars. On June 30, 1940, it will probably amount to 44 1/2 billion dollars. Whether this increased spending without a corresponding increase in taxes will bring about inflation, we cannot predict, but it is in contrast to the worries expressed some months ago that we had been too careless with our expenditures and that it could not bring about enduring recovery.

As purchases here took place, there was only a small sympathetic rise at Winnipeg, and apparently, that market is selling more on a supply and demand basis. Since October 1st their total wheat and flour shipments have amounted to 126 million bu, and this is for a period of nearly eight months. Until new wheat is available, there still remains 148 million bu either to be shipped or carried over, and therefore, their situation has not yet been corrected, particularly if another average crop is harvested. In this country, the actual overseas shipments since July 1st are 91 million bu, and apparently, the government goal will be reached before long. We find that of the wheat exported, almost half was shipped from the single port of Galveston.

Primary receipts were 1,104,000 bu versus 923,000 bu last week, and 497,000 bu last year. So far this week Kansas City, Duluth and Minneapolis show a net increase of 694,000 bu. We do not look for a very large shrinkage in the visible supply next Monday; a year ago it decreased 2,156,000 bu.

There was never any appreciable weakness, and pressure upon our market came only at advancing prices and when longs liquidated; buying power has broadened considerably, but yet the open interest has hardly increased from the lowest level of the season, being 70 million bu

(OVER)

We feel that later the market will be called upon to absorb hedges, but this will not be for several weeks yet. Therefore, if inflation scares become more pronounced, immediate predictions are not possible, but with the improvement in the crop outlook as a result of moisture, we think that great caution is necessary as foreign markets continue to lag, and this factor cannot be entirely ignored.

At the last July wheat showed an advance of 1 1/2¢ per bu, while the September was 1 3/8¢ per bu higher.

Corn early broke because of the possibility of rains in the Central States, but there was a fairly good recovery, largely in sympathy with wheat, and this, in our opinion, is the main bullish influence, as crop prospects on the whole seem fairly good except for possibly the western sections.

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CHICAGO MERCANTILE EX.

CHICAGO May 29, 1939.

World shipments of wheat were exceptionally large this week, totaling 17,669,000 bu, as against only 9 million a year ago. According to Broomhall's revised figures, the total requirements for the season are placed at 580 million bu, and on basis of the grain that has been shipped to date, it would only be necessary for weekly clearances to average 11 million bu until end of July. Apparently there can be no concern about this, and as we have expressed previously, the wheat carryover, taking all countries in the world together, will show the largest amount on hand that was ever carried from one crop to another.

There are still no official figures as to the remaining stocks in the Argentine, and because of the very large crop government official have deemed it advisable to withhold the facts, but we have been giving the estimates from time to time which were rather easily arrived at owing to the fact that the size of the crop was known, and from this was deducted the home requirements and amount of wheat already exported.

Following the fine rains of last week, which were about the most general so far, clearing conditions have set in and the map does not suggest any great changes except possibly higher temperatures, although our own weather expert does not look for anything excessive in the Northwest; therefore, the market has lost the one influence of unfavorable conditions domestically, which had been responsible for some of the recent sharp upturns.

Within a few days the crop experts will give us their views as to prospective production and we are convinced the recent improvement will make yields more in line with the last official estimate than was thought possible a week or ten days ago. Prospects in Europe remain generally satisfa ctory. It is hardly possible that there will be bumper crops such as were witnessed a season earlier, but in Germany, for instance, conditions are about average and abandonment of acreages is officially placed at 8% for winter wheat and about 1% for rye. Warm weather has improved the condition of wheat in France, although the crop is still somewhat backward. Generally speaking, the Balkan countries are looking forward to satisfactory outturns following the recent rainfall. In Russia moisture replenished subsoil in the central wheat area. There is one country where excessive rains probably did damage, namely, Italy, although the weather cleared during the past week.

Owing to the continuation of the Whitsuntide holiday, there was nothing at Liverpool, and business fromEurope was quiet, with apparently little demand for North American grain. So far this season, Great Britain has imported about 26 million bu more wheat than a year ago, and one million bu less flour, so they seem to be pretty well stocked, and at the moment, there is less war apprehension; therefore, business has again become quiet.

The visible supply of wheat showed just a moderate decrease, amounting to 825,000 bu, and total stocks in various positions are 59,327,000 bu, or 29 million bu in excess of what there were a year ago. Supplies at Chicago increased 461,000 bu, and undoubtedly wheat is coming to this market to satisfy the remaining May contracts. There is all told close to 5 million bu locally held.

At the last our market was very little changed from the previous session. Trade on the whole was quiet, and we believe the recent moisture was regarded as highly favorable. During the past 48 hours many points reported fair to copious precipitation, and this extended through the corn belt and into our Northwest. However, there is no pressure yet; therefore, declines were not serious. Nobody seems to be playing the short side, despite the recent rains as it is feared that spring wheat scares are still ahead of us.

Corn was firm, and the rains had very little influence upon prices. Some consider that the season is a little bit late, and that the cool weather which was prevalent has handicapped early growing conditions. On the other hand, moisture is important, and should higher temperatures come, as they generally do in June, we see nothing at the moment to create apprehension. The visible supply shows a slight increase, and total stocks are about 8 million bu larger than last year, while reserves in the country are heavy owing largely to the farm loan.

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CHICAGO MERCANTILE EX.

CHICAGO May 31, 1939.

During our Memorial Day holiday foreign markets were open, but there was very little activity and hardly any changes were recorded, either at Liverpool or Winnipeg. Temperatures in Canada had risen considerably, but it was claimed that the hot weather was just what was needed and wheat in the West looked good; therefore, no apprehension existed as a result of the excessive temperatures. However, it had been warmer in the American northwest than was generally anticipated. A good many points had temperature readings well up in the 90s, so that it was a foregone conclusion that our market this morning would open higher. The weather map, however, was posted shortly after trading had started and there was reason to believe that sufficient relief would be forthcoming in the way of showers and cooler weather to allay further fears of possible damage.

However, reactions in the market were not pronounced and we believe that short selling was immediately curtailed, owing to the fact that one of the crop experts was out with the June estimate of only 492,000,000 bu, which was construed as bullish. However, a month ago the same expert was lower in the winter wheat forecast than any of the others and the figure ran about 26 million bu lower than the official government. Therefore, some people concluded that if the same were true this month, the final result would not be quite so bad as is indicated now by this party. There have been all kinds of estimates for Kansas, and this is not surprising for such a large state, because uniformity does not exist over all territories. In an ordinary year, Kansas can produce pretty close to one-fourth of our domestic consumption, and, therefore, it is extremely important as to what finally happens. We are told by our own people that there are possibly 6 1/2 million acres in the state that look from good to excellent and might produce as much as 100 million bu. The balance is spotted, but in any event we are not inclined to agree with the pessimistic reports, and figure that the crop might finally be as large, or even better, than last month's official figure.

Last Monday the on-passage statement was not given to the trade, and we now find there are 41 million bu afloat, which is almost as much as last year, and this apparently is providing considerable assurance to European importers in relation to immediate needs. In addition to nearly 8 million bu wheat which had been shipped last week from North America, there were substantial wheat and flour clearances from the Southern Hemisphere. These will remain on the ocean for quite a time.

As an offset to possibly lower yields in our country, there have recently been increases elsewhere. The Indian Government, for instance, raised its ideas of that crop to the extent of 20 million bu. Just a short time ago the Argentine estimate was increased 16 million bu; therefore, the action of the Chicago market has very little effect on buyers abroad. Even the purchases on part of the Orient have been much smaller recently, although this is considered only temporary, and a revival in demand may be expected shortly.

Final quotations at Liverpool showed advances ranging from 3/8 to 1/2¢ a bu, compared with last Friday's close, and sterling exchange at $4.68 at both periods.

The open interest has been increasing slightly, but is only about 72 million bu, which is not indicative of any large speculative enthusiasm. However, our prices are so much higher than those of foreign countries and the world's carryover at the end of the season will be so great, that weather itself has probably not been the only incentive to give us the upward swing which might otherwise have taken place in view of sustained and prospective crop losses during the last five or six weeks.

(OVER)

Primary receipts today were for two days and amounted to 1,630,000 bu versus 832,000 bu last week, and only 333,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 22,000 bu. We mentioned on Monday that there had been a pretty fair increase in Chicago stocks. This may have been due to the high price which prevailed for the May delivery toward the last, but in any event, there is now 1,316,000 bu of #2 yellow hard wheat here compared with only 727,000 bu last week. Stocks of hard wheat also increased from 187,000 to 449,000 bu. Therefore, there is the possibility that some of this wheat may be tendered on July contracts from the present crop, and the rest depends upon the movement of new wheat during July.

At the last the market lost some of its early advance, and closed 1/4¢ per bu higher.

Corn was firm, possibly in sympathy with the leading cereal. The weather was regarded as good. The primary movement was sufficient to take care of the commercial needs, and those who had made excursions into the country came back pretty well satisfied with the crop outlook.

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CHICAGO MERCANTILE EX.

CHICAGO June 1, 1939

Trading at Liverpool recently has been on a small scale, and fluctuations rather narrow, despite upturns which have taken place in our market. At the close today Liverpool July wheat was 61¢ per bu, and it would take great imagination to try to figure out each morning just what Liverpool is due when they are selling so far below our parity, as nobody knows what the subsidy next year will amount to, if it occurs at all. However, if there were a proper price relationship between their market and ours, they should be selling at least 30¢ per bu higher than at present in order to take care of freight and other charges to ship wheat to English ports.

There has probably been some improvement in European crop prospects lately, although nobody anticipates bumper yields such as took place a year ago. The acreage in sixteen European countries which have reported so far show 62 million acres planted, which is practically the same as the previous year. In fact, as we look at the world as a whole, we find that the only important acreage reduction has taken place in the United States due to crop control and other governmental factors. During the last 43 weeks, Europe has imported 342 million bu, while ex-European nations have taken 83 million bu, and the chances are that Broomhall's total figure for the season will be reached. However, there is no scarcity of supplies anywhere, and the recent rains in the Argentine following two months of drought have relieved the situation down there considerably. It has enabled growers to speed up planting, which had been almost at a standstill, although some acreage decrease as compared with last year may finally take place, yet remaining supplies from the last crop are enormous, and we expect good-sized shipments from that country for many months to come.

In Canada, total wheat and flour shipments since August 1st have amounted to 130 million bu, but despite the increase lately, there still remains 144 million bu, either for carryover or for export, and this is 106 million bu more than was on hand a year ago. It is no wonder, therefore, that European buyers remain calm, regardless of some reductions in prospective yields for the United States.

Argentine shipments this week are estimated at 3,674,000 bu, which is slightly less than last week, but considerably larger than last year. From the Black sea, 832,000 bu were shipped, but nothing from Russia.

According to ticker advices, the recent advance in wheat and flour prices failed to stimulate new buying to any large extent. The Northwestern Miller says flour sales in the Southwest last week averaged 55% of milling capacity, while new business in the spring wheat area averaged only 40%, and apparently the consuming trade is still confident that it can await more favorable buying opportunities later on.

Overnight weather developments were on the whole favorable. Northwest temperatures had fallen, some showers were reported, and predictions were quite good for more moisture. The market very likely would have opened lower had it not been for the Santa Fe report which came out with a very pessimistic view of conditions in Kansas, claiming that it was not likely the crop for that State would exceed 90 million bu. This apparently was sufficient market influence and wheat prices were fractionally higher at the opening based on that report, although reactions took place later. A good many people in the Southwest consider the Santa Fe report as extreme. Today was another perfect day for filling, and our reports continue to claim that between 6 and 7 million acres in Kansas range from good to excellent, 3 million acres are undoubtedly poor, but yet some estimates for the entire State are running from 115 to 140 million bu, and it is our own thought that if favorable weather continues there is still a possibility that the crop might amount to 125 million bu.

(OVER)

Winnipeg prices hardly advanced, even when we showed strength. Their moisture situation seems satisfactory, and rains which had fallen from April 1st to May 28th inclusive, together with precipitation which occurred during August, September and October last fall, indicate that the moisture for the three provinces, taken as a unit, is now 96% of the long-time average, or normal. This is exactly the same as a year ago, according to the Searle Grain Co., and as we know, a good crop was harvested in 1938.

Primary receipts today were 984,000 bu versus 1,111,000 bu last week, and only 302,000 bu last year.

At the last changes from the previous session were not great, July wheat showing a decline of 1/4¢ per bu. September wheat was under slightly greater pressure, with apparently some hedges going into the deferred months.

Corn was firm, but there was not a great deal of activity in the pit. The primary movement is very large, and apparently farmers are well satisfied with growing conditions. Before long, we are afraid that crib space will be at a premium. There are 110 million bu of corn withheld from the market in Iowa under government seal, and in Illinois practically 60 million bu have been sealed. If we get average production, the farmers are very apt to want their space, and possibly a good part of the corn will come to terminal markets. We see nothing very bullish in the situation, and more showers for the corn belt tonight and Friday may even improve crop prospects further.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 2, 1939

Late yesterday afternoon the second weekly telegraphic report was issued from Ottawa on Canadian crop conditions. According to 363 observers in the Prairie Provinces, recent developments have been very encouraging, and at 143 points, prospects are better than last year at this time. At 154 points, they are about the same and only at 66 points is the outlook poorer. According to conservative people, the present outlook suggests a crop of 350-375 million bu, and since the Canadian carryover will in all probability be 100 million bu more than last year, there is reason to believe that the world's wheat situation is rather discouraging, so far as the price level is concerned.

There were heavy accumulations in Europe last year, with many countries setting up reserves in the event of war, and as storage capacity is somewhat limited, chances are this will not be repeated this coming season. Furthermore, there is bound to be an unusually heavy amount of wheat left in the Argentine, owing to the present merchandising methods of the government, and for the first time in history, they will follow the example of other nations in trying to carry large quantities of wheat into the next crop. The recent rains in that country have improved soil conditions, and sowing of wheat has been resumed along rather extensive lines, so that not much reduction in acreage from the previous year is expected. In our opinion, this would indicate that anyone who is bullish on Chicago futures must figure that we will stand far aloof from world's markets, and yet, there may be a limit as to the premium at which we can sell over our competitors, even with governmental aid.

It was rather encouraging from an agricultural point of view to have had such extensive and widespread rains as were witnessed overnight. In Kansas, where the crop is filling in many sections, weather was almost perfect and as much as 2 1/2 inches of rain occurred around Wichita, and in the Southwestern portion of that State. The Northwest was also favored and many points in North Dakota reported more than 1 inch of precipitation. Even before these rains, the moisture in our Northwest had been fairly good. According to the U. S. Department of Agriculture, taking various weather stations at random, Minnesota had received between April 1st and May 31st, 3.17 inches; in South Dakota the average precipitation was 3.75 inches; in North Dakota, 2.38 inches; and in Montana, 2.50 inches. Therefore, with the rains of the past day or two, and with more likely overnight, great optimism will undoubtedly prevail and we expect many messages before long claiming great improvement.

The crop experts issued their figures today and the average for winter wheat is placed at 516 million bu, and 184 million for spring wheat, but one would have to be quite a pessimist not to figure considerable improvement since this data was compiled.

Meanwhile, the foreign wheat demand was very limited, and Liverpool futures were 1/2-7/8¢ lower, with July wheat selling at only 60¢ a bu, indicating great indifference on part of European buyers. Argentine shipments amounted to 3,684,000 bu, and according to Broomhall, there is still a surplus of 178 million bu wheat in that country, compared with only 41 million bu last year. Even with a smaller crop in Australia, the remaining surplus is 40 million bu compared with 35 million bu last year. Liverpool also reported Argentine hedging pressure in the July delivery, together with freer offerings from Australia.

With competition from all exporting countries, such as we expect, pressure will become even more pronounced after North American harvest, and even without subsidized exports from the U. S., we feel certain that supplies will be more than ample for all import requirements.

(OVER)

Primary receipts were 809,000 bu compared to 1,104,000 bu last week, and only 315,000 bu last year. So far this week Kansas City, Minneapolis and Duluth stocks show a net increase of 252,000 bu. The visible supply on Monday will probably show a small decrease; a year ago it amounted to 2,235,000 bu.

Harvesting of winter wheat has started at a few isolated points in Texas and Oklahoma, and should be more general in another few weeks. We would say that yields in many places are considerably better than expected. Amarillo tells us that some new wheat from Seymour, Texas, averaged 15 bushels per acre, where before harvest only 1 to 12 bushels had been looked for. Elsewhere we hear of yields running anywhere from 7 to 38 bushels per acre, and test weight from 60 to 65 pounds, which in itself is indicative of a good crop.

Despite a greatly improved weather outlook, wheat was only fractionally lower, as there is no pressure yet from hedges, nor are speculators assuming short positions of consequence. July wheat finally was 1/2¢ per bu lower.

Corn was slightly lower, also benefited by rains, although speculative interest was light. The primary movement keeps up well, being almost as large as last year, and besides this with the large amounts under government seal there must be tremendous quantities that are temporarily tied up, but at some future date may come back on the market.

Oats and rye were also lower; even with only fair prospects for these cereals, moisture was a help.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 5, 1939.

World shipments were about four million bu less than last week, but were still large at 13,369,000 bu. This is considerably more than is needed per week to meet the seasonal requirements set by Broomhall and is about five million bu greater than a year ago. Therefore, it had a bearish influence on prices in Liverpool, where both the July and December contracts went to new seasonal lows. The amount on ocean passage is close to 42 million bu, and for the first time is larger than the amount of wheat afloat a year ago. When we look at the price of Liverpool July wheat at 59 1/4¢, it has a great significance. First of all, this is the wheat at the end of the line and is the pulse of European trade. England is a country that never raises nearly enough for its own needs and takes about half the imports of Europe. The price is low as production last year was large, and very likely, the world's carryover will be the biggest on record. To be able to get wheat at Liverpool for 59¢ means that farmers in exporting countries are selling the wheat at a very low price unless the government of that country is subsidizing and pocketing the loss,as the charges overseas for freight, insurance and other items, would amount to at least 12¢ a bu, and from the Southern Hemisphere it would be even more.

On basis of July wheat in Chicago, Liverpool should be selling for at least 90¢ a bu, but we know that with various government subsidies, there is no chance of any sharp upturn on the other side, unless crop damage would change the present picture completely. Even in our own country, where crop prospects were not too good, we find that the recent rains have brought about tremendous recovery, and in most years the final return of winter wheat is larger than the June estimate. With the exception of last season, for the past eight years this was the case, and even taking into account 1938, when the crop yielded 74 million bu less than the June figure, we find that the improvement for eight years back was on an average of 44 million bu.

Weather conditions at the present time are perfect in the Southwest for filling. Yesterday was another exceptionally fine day for the growing crop. We had one message from Alva, Oklahoma, advising that quite a bit of wheat now being cut was averaging 22-25 bu per acre and testing 62-63 pounds, which is also important, as the high-test weight shows that yields are large. Our Oklahoma man considers that on the basis of the early returns, the State will exceed 50 million bu. Practically all reports claim that wheat is filling well and as it would only take 12 bu on an average to make a crop of that size, it looks as though they might be able to do better.

The visible supply showed only a moderate decrease this week, amounting to 1,134,000 bu; total supplies in all positions are slightly in excess of 58 million bu, or about 30 million bu more than in 1938. We expect that toward the end of the month supplies will start increasing the same as last year. The lowest visible in 1938 was reached on June 18th, and starting with 24 million bu it reached 126 million bu before the end of October. We also find that December wheat during that period broke from about 80¢ per bu to 65¢, while hedges increased, and this in spite of the fact that a certain amount of wheat was tied up under government loans, as undoubtedly will be the case now. Chicago stocks this week decreased 151,000 bu, and the total locally held amounts to 4,311,000 bu. Primary receipts today were 983,000 bu. This was slightly more than last week, and almost double of last year.

At the last, influenced by the fine weather and some liquidation, July wheat showed a decline of 1 5/8¢ per bu.

The export demand for North American grain was rather flat; while same was to be expected from here, it must be somewhat disappointing in Canada, and their market was also lower.

Corn was relatively firm in spite of the fine weather and good crop prospects. Pressure at the moment is rather light, and nobody is venturing far on the short side.

Oats and rye were weak. These cereals have participated more in the speculative buying which took place, and as recent rains have helped there was some liquidation, and new buyers could only be found on setbacks.

UHLMANN GRAIN CO

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 6, 1939.

Several years ago Poland, faced with a very large surplus of rye, decided to subsidize exports to get rid of this grain. The United States threatened to resort to a countervailing tariff, as provided for in our Tariff Act, in order to avert dumping here, and considered adopting a duty about equal to the amount of the Polish bounty. The United States does not tolerate dumping by others, and many countries have laws against it; yet, under a different name we have subsidized wheat exports this past season, and may continue the practice this next year also, even though we are trying to do our share in the maintenance of orderly trade. There is apparently a change of attitude in other countries also. While not resorting to an actual subsidy in so many words, Argentina and Canada have minimum prices, and the government after buying the wheat from the farmers will sell it abroad at a lower figure, so that the tax payer pockets the loss.

Liverpool prices stand the brunt of the cheap offerings from all exporting nations. This morning July wheat there sold close to 58¢ per bu, which was the low of the season. Apparently influenced by better crop advices from North America, and the probability of big supplies in Canada, buyers are somewhat hesitant in making future commitments. The Canadian visible supply amounts to 115 million bu compared with only 29 million bu last year, and with good rains in many parts of the Canadian West it looks as though total crop and carryover on August 1st might amount to 450 to 500 million bu.

During the past few weeks, as the result of large world shipments, arrivals of wheat and flour both in the U.K. and on the Continent, have been substantial, and these obviously are sufficient to cover current needs.

When our market opened this morning there were apparently some buyers willing to take on commitments on the theory that after a break of 3 to 4¢ a bu from the recent high we might have a reaction. They are also figuring that if the price in Chicago should decline too far under the loan level that the first movement from the country might be light, because a fairly large percentage of the farmers might take advantage of the loan, and not sell their wheat as freely on the open market as in an ordinary year. There can be no doubt that a great many more farmers are complying with the AAA than previously; and this refers to farmers in the corn belt also. Last year, for instance, about 227 million bu of corn were sealed under the loan, but about half of the farmers in the corn belt were not eligible for loans due to non-compliance with the 1938 acreage allotments. Evidently, another corn loan will be offered this year, and more farmers will be eligible. In fact, more corn growers than ever before have already signed up under the acreage program this year, which will increase benefit payments on this crop. Much will, therefore, depend on the temperament of the farmer, and how he decides to market his grain.

As far as growing conditions of wheat are concerned, we are convinced that there has been tremendous improvement, and while adverse weather could still take toll from the present bettered prospects, we believe that in the southern-most sections the plant is almost beyond the damage stage. In fact, we had one message from Oklahoma showing that in several sections yields were running exceptionally high as follows: Garber 35 to 36 bushels per acre; Saltfork 26 to 27; and yields around Lamont are 34 bushels per acre; Drummond 36; and Goltry 30. This may not be general for the State, but even with a number of territories getting such fine results it brings up the average, and we adhere to our earlier estimate that 50 million bushels for Oklahoma could be attained without difficulty. There had been very little moisture overnight in our Northwest, although light showers occurred in North Dakota and Montana. The temperature is considerably below the normal over the Canadian provinces, where moderate to heavy rains have occurred, and indications are for showers over our spring

(O V E R)

wheat districts tonight and early tomorrow, which would be very beneficial. In the western portions of our Northwest, temperatures are comparatively low; and on the whole the crop is in good shape for this season of the year.

Primary receipts today were very large --1,093,000 bu. There were no comparisons with last week when there was a holiday, but a year ago they amounted to only 375,000 bu. So far this week, Kansas City and Minneapolis stocks show a net increase of 225,000 bu. In Chicago we find that stocks of #2 yellow hard wheat decreased 17,000 bu for the week, and now amount to 1,299,000 bu. There is very little #2 red wheat here in store, while stocks of #2 hard wheat are 398,000 bu compared with 449,000 bu a week ago.

At the last changes from the previous session were relatively unimportant. In spite of some local buying, the outside public did not seem to participate to any large extent; in fact, this has been one of the troubles right along. The open interest is 73,845,000 bu, but we feel convinced that after new hedging pressure starts it will continue to increase, as somebody will have to absorb the selling.

Corn, oats and rye were all slightly firmer. Apparently, yesterday's selling was not resumed today, and all these cereals still have a good many vicissitudes a head. Recent weather has been beneficial, although the damage to oats and rye to date will prevent large harvests.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 7, 1939.

The Liverpool market shows no recuperative power and their wheat prices closed unchanged to 1/4¢ lower, with July selling at 58 3/4¢. Outside speculative participation has been greatly discouraged and that market is suffering from pressure of the large Argentine surplus, as well as more favorable crop news from North America. It is estimated that the remaining exportable surplus from the Argentine is around 179 million bu, and even if their shipments should be maintained at the present rate for the next seven weeks, they will probably have a record supply of wheat of approximately 145 to 150 million bu on August 1st. Normally, at the beginning of the new crop year that country has disposed of the greater part of its surplus and prior to the dislocation of international markets through interference on part of both the exporting and importing countries, the United States was able to supply a part of the world requirements prior to the movement of the new crop in Canada, and later on in the Argentine.

However, the situation has greatly changed and in addition to the amount that will be available in the Argentine at the beginning of our crop year, Canada still has a surplus in excess of 100 million bu over a year ago from old crop supplies, and their recent moisture has created a situation that makes their new crop outlook very promising, as June rains are of the utmost importance to them. This fact alone gives the importing countries great assurance of supplies of very high quality milling wheat with an abundant amount remaining in the Argentine from old-crop wheat, which is also of good milling value; therefore, the difficulties of subsidizing exports from the United States this coming crop year have been greatly increased. Argentine wheat is quoted CIF Liverpool at around 60¢ a bu, and Manitoba No. 3 Northern around 72¢. France, which has exported about eleven million bu wheat and flour, is offering wheat CIF Liverpool at 56¢. The price difference of these various wheats compared to that of the United States is enormous, and in order to do any export business, it would be necessary for our government to subsidize at prices at least as high, if not higher than the maximum of the past season. Furthermore, the greater portion of our exports takes place fromGulf ports, and during the past year the demand from abroad was mostly for high protein wheat. While it is still too early to determine the quality of our new crop, the early run of wheat in the Southwest indicates that the protein content is not very high. Consequently, if we are to compete for the European business, difficulties may be encountered in buying in this country abundant quantities for export without greatly increasing the premium over ordinary grades, which would in turn increase the amount of the subsidy.

Broomhall, in a very interesting article, points out that the progress of the grain trade has been severely handicapped by bureaucratic control, as well as by creation and replacement of official emergency stocks. In a survey made about the middle of January of the stocks available for British trade, he states that total stocks are represented by the amount in warehouses, plus quantities on passage to the U.K. and also, plus the quantity of wheat on passage for "orders" which can,on short notice,be diverted to that country. At that period, these total stocks were approximately five million bu more than the amount of the average for the preceding 14 years. He concludes that the stocks carried by the trade have decreased and that the grain trader is severely handicapped in bringing wheat and other grain to the U.K. in competition with the government. Of course, these figures would be subject to revision today, as since that time shipments to the U.K. have gained about 15 million bu over the same period last year.

Overnight there were only light showers over portions of the Dakotas and Nebraska. Elsewhere fair weather has prevailed, and the indications are for generally cooler weather. One of our men who covered a wide territory in Illinois, from the Mississippi to the Illinois Rivers, wires that he believes the yield of wheat

(O V E R)

in that territory is very high and that he saw any number of fields which will undoubtedly yield from 30 to 35 bu. an acre. He further stated that in the territory covered, corn had a wonderful stand; that oats had a good stand, but heading out short.

The Northwestern Miller reports that flour business during the past week was very poor. Sales in the Southwest were 22% of capacity versus 55% the previous week, and in the Northwest, sales only amounted to 20% versus 40% the previous week, and 71% a year ago. Godd rains occurred in Canada, particularly in some sections where needed most.

There were 19 cars of new wheat reported at Enid today, and 21 cars at Fort Worth. The government weekly grain report comments that winter wheat harvest is getting well under way in the Southwest, cutting has begun as far North as eastern and southern Kansas, and will become general in the eastern one-half of Kansas within the next ten days to two weeks. We are now on the eve of the movement of the new crop, but the question in the minds of all traders is what effect the government loan will have on the movement. At the present time this remains the great enigma, as crops in both the winter and spring wheat belts seem to be making satisfactory progress.

Primary receipts of wheat today amounted to 864,000 bu versus 1,630,000 bu last week, and only 248,000 bu a year ago. Stocks at Kansas City and Minneapolis so far this week show a net increase of 328,000 bu, with Kansas City showing a slight decrease.

Early sentiment seemed to be bullishly inclined, but advances were not maintained, and at the close July wheat was 1/4¢ per bu lower, and September was 1/4¢ per bu higher.

Corn showed more or less independent strength during the session. However, the weather as a whole remains favorable for this cereal.

UHLMANN GRAIN CO

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 8, 1939.

July wheat at Liverpool closed at 58 3/8¢. In studying the average yearly price of wheat in England during the past 215 crop years, we find very few occasions when for a twelve-month period prices were as depressed as at present. Even during 1938, the average price was 88¢, and in 1937, $1.20 a bu. It is true that just before the 1933 moratorium in the United States, when our futures were selling at a 47¢ level, Liverpool wheat sold for 42¢ a bu, but there was a recovery and the average price in England during 1933 was 69¢ a bu. One would have to go back as far as 1743 to find anything comparable to what we are experiencing at this time. In that year, British prices averaged 63¢ a bu. We point this out to show the great changes that have taken place in the world, in spite of monetary devaluation, and since there is no indication of an immediate upturn in European prices, we fail to see how there can be much optimism here, even granting that our government will undoubtedly do everything within its power to help the domestic price and thus save the domestic farmer fromforeign influences. Should there be further subsidizing of exports, or even an exchange of goods through barter whereby we would dispose of wheat and cotton for rubber and tin, it would complicate to a certain extent, international markets and place a further burden upon importing countries.

At the present time, there is reason to believe that Canada will have a very large harvest. While we appreciate that much can happen between now and the time the threshing machines enter the fields, yet the early favorable weather is conducive to good yields; and according to the Searle report, which was issued late yesterday, the crop condition is 92% of normal for the three Prairie Provinces as of June 3rd, and since that time there have been further beneficial rains that have supplied needed moisture in many districts and which should improve the conditions beyond the reports thus far made by their correspondents. Some people actually think there is a possibility of raising 400 million bu, and with a large carryover assured, we see very little hope of international wheat prices rising at this time.

Argentine shipments continue very heavy and amounted to 4,861,000 bu this week, while last year they were only slightly in excess of one million bu. From the Black Sea, clearances were 1,136,000 bu, or about twice as much as in 1938. The surplus in Argentina is estimated by Broomhall to be 174 million bu, compared with only 40 million a year ago; therefore, this adds to the burden and may confirm our theory that with so much wheat in the world, very low prices are in prospect. There is, of course, some consolation in the fact that European production will be considerably lower than last year, when a bumper harvest was recorded, and possibly in Russia, yields may be disappointing in the Volga region, where there is a shortage of moisture. However, Russia has become relatively unimportant since the War, because even when crops are short, it has only been important in the way of curtailing domestic consumption and it has not vitally affected exports, nor has it meant that they required grain for import purposes, except on a small scale.

Our July wheat today was under greater pressure than other deliveries, and we believe the reason for this was occasioned by the rather indifferent demand for Chicago wheat. We understand that the insurance companies are attempting to sell supplies that were in the concrete bins of the Calumet elevator during the fire that occurred a few weeks ago, and while the quality of this wheat is very good, and may grade No. 1 yellow hard, probably testing 61#, the mills are not overly eager for making purchases, and if this is true, it may foreshadow only a moderate demand for delivery wheat next July. In any event, the nearby future closed 3/8¢ under September, and we would not be surprised if the difference should widen further.

(O V E R)

Primary receipts were very large, being slightly over one million bu versus 984,000 bu last week, and only 259,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 443,000 bu.

At the last our market was somewhat lower for the July wheat, which declined 1/4¢ per bu, the deferred months being relatively stronger, with September 1/8¢ per bu lower.

Corn was quite firm, although there had been some moisture in the central states, and on the whole crop prospects are quite favorable. Even in Iowa, where there had been some complaints of dryness, weather was favorable, and five reporting stations claimed over one inch of rain, although elsewhere it was lighter. There seems to be a tendency for carrying charges to widen, and while there is a good deal of corn still tied up under the government loan, if farmers need crib space later on, Iowa and Illinois points may be compelled to ship supplies to terminals; this may even give us a carrying charge from the old crop to the new.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 9, 1939.

After the close yesterday, the Canadian government estimated the condition of the crop at 94% of normal, but gave no estimate on yields. They stated, however, that the condition figure was based on returns filed at the end of May and that since that time, heavy precipitation had occurred in Manitoba and Alberta, and on June 5th and 6th there were additional beneficial rains in the Saskatchewan and Alberta areas where most needed, with the result that crop prospects in the Prairie Provinces have improved beyond their reported condition at May 31st. Even assuming that the condition is only 94% of normal, it would suggest a possible crop of 385 million bu for the West, as we reason it, considering that in a normal year they get a return of about 16 1/2 bu per acre.

We believe this report, together with very large shipments from Australia, which were slightly in excess of four million bu, created a bearish influence at Liverpool, where July wheat declined 1 5/8¢ to a new low for the season, and that future is selling at only 56 3/4¢ a bu. We hope it will not become tiresome to our readers if we refer so often to Liverpool, but after all, this is the European pulse and extremely low prices over there are indicative of a poor demand.

The weather in Europe is still generally fine and warm while North Russia is unsettled. Rains are needed in parts of France, while in Hungary the outlook is for a crop possibly 14 million bu smaller than a year ago. On the whole, we expect poorer returns in Europe during the coming season than in 1938, but this should be offset by the larger world carryover.

The chief interest here still centers on the government loan price, which is about 5 1/2¢ higher at the present time than our July wheat; therefore, the question naturally arises as to how much will be tied up through loans and how much will be left for free distribution for the various terminal markets and for the grain and flour trade. Furthermore, there may be many more farmers who will take advantage of the loan situation than last year and not put their wheat on the market; certainly it will make a very big difference finally, not only in the price, but also in the relationship of futures to carrying charges, etc., as to whether the government will own or control millions of bushels of wheat that will not be hedged in the ordinary course of business. Last year about 85 million bu were withheld, and, therefore, exerted no pressure on the market until a portion of the wheat was redeemed later on by the producer and sold out. But until more is known in this respect, it is absolutely guesswork and a great many think that wheat will be worth a good deal more than if it had to be sold on a world parity.

Of course, even here there are certain limitations. We do not believe one can forget entirely the cheap prices that prevail at Liverpool and at Winnipeg. The tariff on wheat coming into the United States is 42¢ a bu, and this figure is so high that hardly ever are we importers except in very unusual circumstances. This coming year No.1 Garnet wheat at Winnipeg will be deliverable at a discount of 15¢ a bu and might grade either #1 dark northern or #1 heavy dark northern at Buffalo. When we consider that Winnipeg prices are about 13¢ a bu under Chicago and that futures at Minneapolis are 4¢ a bu over us, it shows that we are not so terribly far from an import basis, particularly as cash wheat in the Northwest very often sells over the futures price, and should the disparity between Winnipeg and Chicago continue, we might even be induced to take some of their grain later on in the season. Therefore, one must confine his opinion to the present and await future events before formulating plans as to the possible method of operating. This refers to the consumer, as well as to the miller, the speculator, the trader, etc.

(OVER)

Right now we are enjoying favorable weather conditions both in the winter and spring wheat territories. There were further rains overnight in the Southwest and showers are looked for generally in all sections during the next 24 hours. After the close, the government will give us the June estimate of the winter wheat crop and condition of the spring wheat crop, although in our opinion, quite an improvement has taken place since this data was compiled.

Primary receipts today were 895,000 bu versus 809,000 bu last week, and 292,000 bu last year. So far this week Kansas City, Minneapoli and Duluth stocks show a total increase of 1,300,000 bu. Under the circumstances, we do not look for a heavy decrease in the visible supply on Monday; last year it amounted to 2,123,000 bu.

Markets were somewhat lower influenced by cheaper Canadian prices, and the good prospects in that country. Canadian moisture, according to the Free Press report, is the best since 1932, and in that year a crop of 423 million bu was harvested in the West. We find that since April 1st Manitoba moisture is 3.63 inches versus 3.45 inches normal; in Saskatchewan they had 3.21 inches of rain against 3.00 inches normal, and in Alberta 3.75 inches versus 3.61 inches normal. These figures are up to June 7th, and since that time there has been further relief.

At the last July wheat showed a decline of 1/2¢ per bu, and the September was also 1/2¢ per bu lower.

Corn which had been fairly strong for some time eased off. There was no particular pressure, but prospects apparently are too good at the moment to expect much of a bull market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 12, 1939

World shipments of wheat and flour were very heavy this week, amounting to 15,742,000 bu, which was more than last week, and compared with 11,815,000 bu last year. North America contributed nearly 5 million bu of this quantity, but the largest amount came from the Southern Hemisphere, where Argentine and Australian combined clearances were close to 9 million bu.

Liverpool had apparently anticipated this, and quotations this morning were steady to 1/8¢ higher on the close, but, of course, their prices already reflect a very bearish world position, with July wheat now selling at 55 5/8¢ per bu. The trouble with becoming bullish in that market, despite comparative cheapness, is the heavy carrying charge. Between July and October wheat the difference is nearly 4¢ per bu, and a further advance of 2 1/2¢ per bu for December wheat, bringing the price up to 62¢. We presume that later on, if any speculator would want to transfer his position to May, there would be an additional carrying charge of several cents per bushel for going into the distant future.

In Europe, crop conditions remain variable. There has been deterioration in the Balkan countries from dryness, while rains are reported to have partially relieved conditions in France. Excessive rains in May damaged to some extent the Italian crop, while in Western Europe prospects remain mostly fair to good, although hot weather has dried the soil rapidly and soaking rains are needed. The yields will be considerably less than those of the previous season, but very likely there will not be a similar movement to build up reserve stocks for war, as this was cared for in large measure last season helped by the bumper crop, and storage space is pretty well filled. Over the weekend the weather in all Western and Central sections of Europe was much cooler and unsettled, with rather widespread rains, and the forecast suggests a continuance of this condition, which should prove beneficial.

In our own country, moderate to heavy showers have occurred since Saturday morning over practically all districts. Likewise, the temperature has fallen generally, and at the present time is somewhat below normal with indications of further rains in the Central west and Southwest tonight and Tuesday. Also, showers are looked for in South Dakota and Central and southern Minnesota; therefore, very few complaints are being heard at this time, although we doubt whether more precipitation is needed in the Southwest, except possibly in some of the more western sections. In Texas and Oklahoma, harvesting operations are continuing intermittently as weather permits, and there were 575 cars of wheat today at Enid, which was very large. Most of this wheat to date has a high test weight, and, generally speaking, the yields per acre have exceeded expectations; in fact, we believe that when threshing returns have been completed, it will be a revelation to a good many people that the crop turned out so much better than expected. According to the government report issued last Friday, only 11 bu per acre are anticipated for Oklahoma, and so far, many yields have been reported much higher than that. There is a large percentage of wheat from the new crop going into storage, but this is apparently their method of selling, and refers to Texas as well. For the last four or five years producers have not sold a large portion of their crop until after it was loaded and moved to elevators, and then gradually during the next 60 days it was sold. We are, therefore, unable to determine at this time how much of the wheat will be tied up under the government loan.

For Texas the government has estimated that the crop would average 10 1/2 bu to the acre, and here again we think their figure is overly conservative.

(OVER)

Not much can be said yet of Kansas, as it will depend upon the next two or three weeks, and only in the extreme southern portions are the returns available. However, we did hear of one field at Freeport, Kansas, that threshed out 42 bu per acre. This is probably exceptional territory, but the Department of Agriculture only figures on 10 bu per acre for the entire State, making a total crop of 105 million bu, which is too low, in our opinion.

When the visible supply of wheat was posted, it showed the first increase of the season, amounting to 1,625,000 bu. Total stocks in various positions amount to 59,763,000 bu, or about 34 million bu greater than was on hand a year ago. Primary receipts were 1,213,000 bu, which was larger than a week ago and almost three times as great as last year.

July wheat finally showed a decline of 1 1/2¢ a bu, being influenced by liquidating sales, and as there was hardly any short interest, there was not a great deal of buying enthusiasm, as apparently most traders who were bullishly inclined had already made commitments higher up. September wheat was 1 3/8¢ a bu lower.

Corn was influenced by stop-loss orders and it seems that until today, favorable weather had had very little influence. The primary movement was lighter but few people took cognizance of this fact, as it is generally assumed that with the large quantities at terminal markets, there is enough on hand for commercial requirements, at least for some time to come.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 13, 1939

Before the World War, Canada was only moderately important as an exporting nation, and, therefore, she offered very little competition to the United States and Russia who then were the two most important exporters of wheat. In the five years prior to 1914, Canada raised on an average 175 million bu of wheat in the three Prairie Provinces, and it was only after acreage had been stimulated, due to high prices, that new lands were opened and that she finally took a stand among the important countries of the world. By 1928, on an acreage about two million smaller than at present, the West produced a bumper crop of 544 million bu, and while this of course was exceptional, the yield amounting to 23 1/2 bu an acre, nevertheless, it shows what is possible when conditions are nearly perfect. During the boom period, 1925-29, Canada was exporting four times as much wheat as she did during the six years just prior to the War, and was furnishing for export each year about 327 million bu, which was roughly 42% of the world's import requirements. We have rather lost sight of her importance, as there have been several drought years, and recently Canada has not been favored with very heavy yields, but with moisture conditions as reported at present, we should not be surprised to see a crop of 400 million bu or more this coming season, which, together with the carryover, would make total supplies in excess of 1/2 billion bu on August 1st.

In a year where the surplus in the Argentine is still excessive, this may prove to be a great burden, so far as international prices are concerned, and we therefore feel it a duty to bring this to the attention of our readers, even though domestic prices in the United States may be kept considerably above the world's parity. In a normal year, when drought or rust does not take heavy toll of its grain, Western Canada must find an outlet for at least two-thirds of her wheat, and the problem of marketing this grain has grown more difficult year by year. In the crop-year 1937-38, the meagerness of the yield solved the problem for a time, but as the result of declining world prices, the 1938-39 crop, which was more than twice as large as its predecessor, yielded about $30 million less, owing to the low market price this year. With this situation in Canada, we feel that they will assume a rather aggressive export policy this coming season. Should there be barter arrangements between United States and England, or subsidized exports from here, we fully expect that they will meet competition readily, and, therefore, we see very little chance for any sharp advances at Liverpool; prices today were just a fraction lower, with July wheat in that market closing at 55 1/4¢ per bu. This was a new seasonal low again, influenced by the weakness in North American markets yesterday and low-priced Argentine wheat, which is pressing on their market.

Weather in our country was mostly favorable, showery and cool in the Southwest, and we are advised that wheat is filling well and feel confident that yields finally will be considerably higher than present expectations. In the Northwest, there has been greater optimism expressed recently owing to the rains and lower temperatures, therefore, there are very few complaints from that section of the country.

Primary receipts today were quite large at 1,213,000 bu versus 1,093,000 bu last week and only 263,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 118,000 bu.

Milling demand was rather quiet, but June is a month when many plants are closed down for repairs, and it is often quiet at this time of year.

Our market at times was weak with further liquidating sales, although fair recoveries took place, and at the last both July and September wheat were unchanged from the previous session.

Corn was rather firm. There was no particular pressure, and while crop prospects on the whole remain favorable, movement from the country is just moderate, but apparently sufficient for present requirements. There appears little likelihood of any early revival in export trade, even though the Argentine surplus is not burdensome.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 14, 1939

There is considerable variance amongst crop experts and observers as to the size of our winter wheat crop, and, in the State of Kansas alone, estimates are ranging anywhere from 90 million to 140 million bu; so apparently it will take a few weeks yet before the threshing machine tells the complete story and puts an end to the guessing. This is generally a check upon the observers who do their best in trying to size up conditions, but, of course, wherever the human element enters, there are bound to be uncertainties.

For the first time since last Fall, there may have been too much moisture in some sections of Kansas, but clearing conditions are apparently setting in; therefore, we doubt whether there have been adverse consequences as the result of 3 to 4 inches of rain in some sections. There is some black rust being reported in the territory around Salina, and apparently the development was very fast; but one authority claimed that he expected very little damage except to late wheat, although there was always the chance that the infection might spread to Nebraska and the spring wheat territory. It was for this reason that rains late yesterday were rather unwelcome, because the longer the wheat was held back, the greater the chance for some damage.

As we size up the situation in North America, on basis of present estimates, it is quite unlikely that more than 300 million bu will be needed this coming season by the importing world from the United States and Canada combined. If this is correct, it is almost an assured fact that the two countries shall not have to cut into their carryovers one year hence, but rather there is the probability that, ample as they are at the present time, they will be even greater in 1940.

We are counting on a very large crop of wheat in Canada, and while it is still a little too early to make definite commitments, we doubt whether we shall be disappointed as the moisture situation is very good; moreover, there has been a larger percentage of rust-resistant wheat planted than probably at any time in history. The same is also true of our Northwest where a good deal of thatcher wheat was sown in an effort to prevent great disappointments if rust should be a factor this season.

There was a slightly better tone to the Liverpool market, where quotations advanced from 5/8 to 3/4¢ per bu. The market there was steady, following our reaction yesterday, and also, there was less pressure to sell actual wheat. With prices as low as they have been ruling, and July wheat still selling at only 56¢ per bu, it would not be surprising to see some speculative purchases in that market, particularly as the outlook for foreign crops is considerably poorer than it was a year ago. But, as we have mentioned in our recent letters, prospectively large supplies, including a big surplus in the Argentine, may prevent much of an advance unless crop news changes considerably.

The Government Weekly Weather & Crop Report, issued at Washington, showed very little change during the week. They called attention to the interuption of harvest occasioned by rains in parts of Texas and Oklahoma, but as we have found out, with combines being used extensively, wet harvest is not feared to as great a degree as formerly, when the farmer had to wait for the threshing machine to finish his neighbor's work before he could be accommodated.

While nothing more definite is heard about a barter arrangement between this country and London, there have been negotiations in the Argentine for the exportation of 13 million bu of wheat to Italy, and sizeable quantities have recently been worked to Spain and Germany in this manner.

Primary receipts were 896,000 bu, just a trifle larger than last week, and this compares with 422,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 305,000 bu. Our market was firm during the entire session, influenced by the wet weather in the Southwest, and also, a better undertone at Winnipeg. The spread between July and September narrowed fractionally and at the last, the nearby month showed an advance of 1/2¢ a bu, while September wheat was 1/8¢ higher.

Corn was barely firm. Recent moisture has been favorable and the largest producing state, which is Iowa, claims a better condition for the crop than last year; also, the proportion of acreage planted to the hybrid variety is larger, according to L. M. Carl, of the State Department of Agriculture. It is reported that 81% of the acreage was planted with hybrid seed, against 58% last year; therefore, even with a smaller acreage, we might have a very satisfactory result.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 15, 1939

There is still a great deal of apprehension on part of traders as to how the loan price on wheat this year will affect free supplies, and in turn, how markets will respond. A year ago at this time everything was very vague. Even after the government announced its plan and the amount that would be loaned at various terminals, there was considerable confusion as far as certain farmers were concerned, and during the early period not so many producers availed themselves of the loan privilege. Furthermore, there were quite a number of farmers who had not complied with various regulations, and therefore, were not eligible. This season the story is somewhat different, and having had the experience with last year's operations, we should not be surprised to see a greater amount of wheat tied up under the loan, and apparently, this opinion is shared by others in the trade also.

It possibly accounts for the fact that we were quite firm when foreign markets declined, and may also be the reason that we have not advanced appreciably during the last session or two, while Winnipeg and Liverpool displayed more strength. There was some forward business for export taking place a year ago at this time, and during July and August the various individual exporters sold about 20 million bu wheat to Europe, as the reserve stocks in Canada and in the Argentine had dwindled to rather small proportions. No business can be conducted for the sale of export wheat at the present time, unless the government would allow a substantial subsidy, but since their operations, at least temporarily, are on a rather small scale, most of the new business is going to Canada and the Argentine. In the latter country, there have been some fair-sized barter trades recently with Italy, Spain and Germany, but apparently, some higher quality wheat is needed for mixing purposes and today, Canada shared profitably in a good volume of trade, some claiming that as much as two million bu of Manitoba wheat was sold overnight. This required the removal of hedges in Winnipeg, and as a result, their market crept up gradually as purchases were made in the pit. It also had the effect of keeping us firm, although the spread between Winnipeg and Chicago narrowed somewhat, but is still about 12¢ between the two July deliveries.

Weather in our country was generally favorable. There had been some nice rains in the Northwest, although Montana was favored with very little. In the Southwest, there was some rain but not on such a heavy scale as yesterday, and official indications point to clearing conditions, although temperatures will probably be somewhat higher.

Primary receipts of wheat were fairly substantial at 1,089,000 bu, or practically the same as last week, versus 676,000 bu last year. So far this week, Minneapolis and Kansas City stocks show a total increase of 400,000 bu.

We have called attention to the reserve stocks that were built up in Europe last year as the result of emergency measures, and due to the fact that Europe had a good harvest, this was possible without excessive imports. In Germany, for instance, there is at the present time 261 million bu of wheat and rye on hand compared with only 133 million a year ago. While the extra amounts may be kept on hand for war reserves, it is hardly likely that they will add appreciably to the present surplus. There must also be a very comfortable situation in Italy, as recently the government had decided to allow the sale of white bread, where hitherto it was compulsory to mix in a certain quantity of corn, and even the price of bread will not be increased as a result of this change.

Trade on the whole was rather quiet today, and the volume was probably no greater than yesterday, when only about 13 1/2 million bu of wheat were traded in the pit. The open interest declined 855,000bu,and total contracts open are only 71 1/2 million bu, which is not a great deal of expansion from the low figure that was recorded a few months ago.

Generally speaking, it looks like a much larger crop in Kansas, Oklahoma, Nebraska and Missouri than was expected a few weeks ago, and should nothing serious happen between now and harvest, threshing returns might be very optimistic. One party in the Southwest, who is considered very conservative, raised his estimate for Kansas 20 million bu since publishing a report a few weeks ago.

(OVER)

At the last July wheat was 5/8¢ per bu lower; September wheat, which is now enjoying a broader trade than the nearby month, declined 1/4¢ per bu.

Corn was little changed; the December delivery was the weakest, and, apparently, some hedge selling came into that month. Yesterday, less than 3 million bu were traded for all deliveries, and this shows that there is no broad participation in the market.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 16, 1939

A few days ago we pointed out in our market letter that prior to the World War, Russia and the United States vied for supremacy in the export field. One year they held the honor, while the next year it belonged to us. In a general way, other exporting nations were relatively unimportant, although high prices during the War encouraged agricultural pursuits and new lands were opened up in various parts of the World. Canada was the leader, but on a smaller scale the same thing happened in the Argentine. In the period 1910-15, the Argentine crop averaged 156 1/2 million bu per year. At that time they had a population of eight to eight and a half million people, and after deducting home requirements, they were able to spare about 75 million bu each year for export. After the War, however, the picture changed completely and during the period 1925-29, Argentina exported about twice as much wheat annually as she did during the years just prior to the War; in other words, she was furnishing about 22% of the total world's import requirements.

Nearly half of their crop season is over now, and Broomhall estimates that there is still 166 million bu surplus remaining in that country -- in other words, they have more to spare than was formerly raised. This is true, in spite of the fact that weekly shipments recently have been heavier, and for the present week, clearances were about 7 3/4 million bu, which is a record for all time at this season of the year. An average crop in that country on the present acreage is about 250 million bu, from which we might normally expect exports of 150 million bu. Without any artificial influences, generally 70% of the surplus is shipped between January and July. It is quite apparent, therefore, that the present year is most extraordinary, both from point of view that excessively high yields were obtained, and also, the percentage remaining for export is larger than usual. Of course, the latter was occasioned because of the government's merchandising policy during the early period after harvest. As a result, there is an enormous quantity of wheat still on hand at a period when North American competition is about to start, and this leads us to believe that exporters, especially Canada, will find a situation different from ordinary times.

It would also require a higher subsidy to get U S wheat into exporting channels. During the season just ending, we had a large quantity of No. 1 Dark Hard Wheat which Europe wanted, and it was also high in protein value, but indications point to a lower protein crop this coming season, and therefore, our surplus may not be quite so desirable from point of view of European importers.

Liverpool prices today were unchanged to a shade higher, with steadiness resulting from the political situation, but this had very little effect upon our market, as crop conditions generally continue to be satisfactory. In the Northwest there were very fine rains, and while this additional moisture is not necessary at the moment, it is helpful..Also, almost everything that we have heard about yields in the Southwest is encouraging. So far as protein is concerned, indications are for a lower percentage than last year, and this is quite general in the Southwestern winter wheat area, with the possible exception of the Texas Panhandle. A great many people are still concerned as to the amount of free wheat that will be available, and as we get reports we are immediately making them available to the trade. Our Enid office reported that country elevators were buying a larger percentage of their receipts than they did during the last few years, and that there is more wheat being sold by the country than was anticipated, due, they believed, to the larger yields.

In Canada, progress seems to be quite normal, and during the past week, temperatures have been cool, with scattered showers to heavy rains occurring at many points in the three Provinces. Warmer weather generally would be welcome, as light to heavy frosts in Northern Manitoba and Central Saskatchewan were reported, but the important thing is that the plant has been benefited by ample precipitation, and this is extremely important, as June is often the critical month in that country.

(OVER)

Primary receipts were 1,025,000 bu versus 895,000 bu last week, and 603,000 last year. So far this week, Kansas City, Duluth and Minneapolis stocks show a total increase of 958,000 bu. Even despite wet weather, which interrupted harvesting operations, we are inclined to look for an increase in the visible supply on Monday. It will compare with a decrease of 1,756,000 bu last year, at which time minimum supplies for the season were reached, and wheat in various positions totaled 24,125,000 bu.

The market displayed slight rallying power from the lowest levels of the day, but some hedges are apparently coming into this market, which are having a somewhat depressing influence..At the last, July wheat showed a decline of 5/8¢ a bu, while September was down the same amount.

Corn and oats were steady and there is very little pressure upon either of these cereals..Rye was slightly lower.While the prospects are only fair, it must be remembered that there is about 16 million bu still left on farms and about six million bu of the visible supply, so that stocks in these two positions will augment, to some extent, smaller yields..Besides this, we are not so very far out of line for imports from Argentina and Poland, even taking the import tariff into account...

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 19, 1939

World shipments of wheat and flour were extremely heavy this week, amounting to over 17 million bu. This had been almost a foregone conclusion owing to the fact that Southern Hemisphere clearances were about 9 million bu, and in addition to this, North America put considerable quantities afloat. However, it was more than twice as large as last year, and therefore, gives greater assurance to European importers in relation to their immediate needs. The amount of wheat on ocean passage is now 45 million bu, or approximately 3 million bu greater than in 1938. As a result, the demand at Liverpool was slow and futures closed 7/8 to 1¢ a bu lower, with July wheat down to 56¢ again.

Over the week-end there had been pretty fair precipitation in the spring wheat areas on both sides of the international boundary line. The heaviest rain was at Bismarck, North Dakota, where about 1 3/4 in fell, but showers elsewhere were quite beneficial. If anything, they would like some growing weather now, and apparently this is in sight, if the forecasters are correct. Heavy rains were reported in the Canadian prairies, and press reports this morning claimed this was quite general in Manitoba, while at Regina there has been continuous rain now for four days, and in Southern Saskatchewan they are beginning to feel the need of sunshine. In the former Dust Bowl, creeks are full, thousands of acres of prairie land are said to be under water near the Wood River in the Swift Current district. Since June is often the critical month in Canada, it is naturally wonderful that moisture conditions have brightened prospects to such an extent.

Our market started somewhat easier and even though there had been some rains in many Southwestern districts, it was not felt that this was a serious menace to harvesting operations unless it continued. Operations yesterday were in full blast and we heard of a good many fields that were threshing out 20 to 30 bu per acre in Southern Kansas. However, Eastern and Central Kansas had additional moisture so that temporarily harvesting is delayed, but weather predictions are for clearing skies; therefore, a short interruption is rather insignificant. The quality of the first-gathered wheat in Texas and Oklahoma is exceptionally good, according to the government analysis, and the protein of the hard wheat tested in Texas during the last three days averaged about 14 1/4% and ranged from 11 to 18%. In Oklahoma, there was also relatively high protein and 75% or more fell in the category of dark hard wheat. In the southern part of the State, where samples were taken in 31 fields, the test weight averaged 60#, while protein ranged from 13 to 18%, with an average of 15%. It is our opinion that farther north as harvesting progresses, the protein content may average lower, due to the recent rains.

In the meantime, European crops are quite favorable, except where comparisons are made with last year's bumper yields, but taken as a whole, with an acreage slightly larger than in 1938, they may still get good average returns. Italy and Spain have larger crops in prospect than a year ago, while average harvests are now expected in Northern and Central Europe, above average outturns in the Danubian area, and slightly below average crops in Western Europe.

When the visible supply of wheat was posted, it showed the second increase of the season, amounting to 1,472,000 bu. Total stocks at various reporting points are slightly in excess of 61 million bu, or 37 millions greater than a year ago. Chicago stocks showed just a slight decrease of 76,000 bu, with about 4 1/2 million bu locally held. However, within another week or ten days, we expect that receipts here will pick up. At six stations in the Southwest, including Enid, Amarillo, Fort Worth, Hutchinson, Salina and Wichita, there were 2,823 cars received today compared with only 1,491 cars last year. The primary movement was large at 2,763,000 bu versus 1,213,000 bu last week and 1,200,000 last year. Hedging pressure apparently was on the increase, and at the last there was a decline of 1 1/8¢ for July wheat, while September wheat was 3/4¢ lower.

Corn was rather stubborn at the start, although it was finally influenced by weakness in wheat and the fine crop outlook. The visible supply decreased 675,000 bu, but total stocks are 9 1/2 million bu larger than last year. Primary movement is just fair, but we believe that crop news will be the dominant feature for the next few weeks. Rye had the sharpest break of any of the cereals, liquidation was rather persistent, and longs apparently have less confidence in their position.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY

TELEPHONE HARRISON 4890

[illegible]

[illegible] shipments [illegible] of flour [illegible] over 17 million [illegible] to the [illegible] taken to this [illegible] tities [illegible] it [illegible]

[illegible] so their immediate [illegible] is now 40 million [illegible] 7½ to 1½ [illegible] only [illegible] the [illegible] of [illegible] the [illegible] range [illegible] in the [illegible] in the former [illegible] of [illegible] and are sold [illegible] in the Pacific Northwest [illegible] the [illegible] prospect [illegible]

[illegible] the surplus [illegible] taken in many [illegible] district [illegible] various reasons [illegible] operations [illegible] in [illegible] bushel [illegible] to 35 [illegible]

[illegible] harvesting is [illegible] but weather conditions [illegible] the [illegible] in [illegible] reported [illegible] from 12 to 15% [illegible] in the [illegible]

[illegible] meantime [illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 20, 1939

Despite smaller winter and spring wheat crops in prospect than a year ago, prices are about 7¢ lower than they were at that time. However, a great many changes have taken place in the interim. First of all, it is likely that the world's carryover at the end of this season will be the largest on record. Secondly, the amount of wheat in the hands of exporters is tremendous, and this has apparently made them eager to get their supplies into consuming channels.

One year ago today, Liverpool July wheat closed at 94 1/4¢ while Winnipeg July wheat was $1.09. This is quite a different picture from the one that faces us at present. At that time, Liverpool was at a premium of 16¢ per bu over Chicago, or about a shipping difference, so that without the subsidy, exporters could carry on their normal operations. With the high price that prevailed in Canada, and short supplies in the Argentine, we had the field more or less to ourselves until new crops were harvested in those other two countries. Instead of having Liverpool at a shipping parity over us, they are at the present time at a discount of about 16¢ per bu, which means that there would have to be a subsidy of possibly 32¢ if our wheat were to be placed into foreign competition. Liverpool wheat, instead of commanding a high price as it did a year ago at 94¢, sold today at a season's low, touching 54 7/8¢, or nearly 40¢ per bu cheaper now than it was in 1938. Even with the probability of a much reduced yield in Europe this coming season, there seems little incentive for making purchases over there, as one who assumes a long position is handicapped by heavy carrying charges. In other words, Liverpool December wheat is selling about 6¢ higher than their July delivery, and probably there will be another 4¢ added to the price of May when trading starts in that month.

The overnight export demand was disappointingly small, and we derived very little encouragement from the foreign news, but rather the price tempted a good many operators who figured that around the 70-cent level, the combination of the government loan, and later on the subsidy, might give them a chance to reap at least moderate profits on the long side. Furthermore, it was considered that after a break of about 9¢ per bu from the recent high, technical rallies were in order, and this was the occasion for a part of today's buying in the face of rather light hedging pressure.

During the past four weeks, world shipments have amounted to 64 1/2 million bu, which is the largest in several years for a four-week period, and as a result, Europe may well remain moderately independent unless additional supplies can be had on favorable terms.

We believe that the world price level will remain low during the coming season, unless growing conditions in Canada, which at the present time are most favorable, should take a turn for the worse. Those who assume a bullish attitude here must apparently count on artificial stimuli, as it is almost a foregone conclusion that our crop and carryover will be far in excess of domestic needs.

Primary receipts were 1,966,000 bu versus 1,213,000 bu last week, and only 480,000 bu last year. The movement in the Southwest is enlarging and we find that at six points, namely, Hutchinson, Salina, Wichita, Omaha, Enid, and Fort Worth, there were 1604 cars received today, compared with 933 cars a year earlier. Generally fair weather prevailed the past 24 hours over the Northwest and Southwest, although some isolated rains in Kansas of rather heavy proportions were reported.

Despite better support, the advance was not particularly impressive, and changes from the previous session were just fractional. July wheat at one time was 1¢ under September, and a number of hedges were changed at that difference. We still believe that during the period of heaviest movement, hedging pressure will be the important factor, and to those who are bullishly inclined we suggest that they at least wait until the first heavy run of wheat is passed.

Corn was firm at times, but crop prospects continue almost perfect, although some traders are figuring that the scares are still ahead. Scattered rains were rather general over the Corn Belt states and the plant seems to be making fine progress.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 21, 1939

It was almost a foregone conclusion that after last year's large crop in Europe, there would be no repetition for many years. Bumper yields are almost as scarce as crop failures and anyone who is planning on the future should only count on average conditions. It is not surprising, therefore, that as we draw nearer the European harvest, comparisons with last year will make a poor showing, but from various reports now at hand, even with a somewhat mixed condition, it almost looks as though the returns would be about on a par with ordinary times, and this is apparently sufficient, in view of the large world's carryover. Liverpool traders seem to be sizing up the situation the same as we do, and their prices are hovering around the season's low, with July wheat in that market closing at 54 7/8¢ a bu. This, of course, lends very little encouragement for bullish operations in exporting countries, and we believe that possibly the reason some traders are inclined to look for higher prices in Chicago is because they feel artificial influences will keep us at a considerable premium above the world level.

There was again a disappointingly small foreign demand and following the recent heavy purchases, importers on the other side are apparently content to sit on the sidelines for a time, particularly as they will also be getting native wheat within a few weeks, and in most years home supplies are drawn upon during the early months after harvest. There has recently been some Russian wheat sold to Greece and during the past two months, Italy has purchased rather heavily from Rumania, but whatever sales were made had to be accomplished at extremely low levels, since export subsidies tended to depress the price level without materially enlarging consumptive demand. Unfortunately, high tariffs in most European countries kept the price high for the ultimate consumer, and therefore, the monies that were spent to get wheat into exporting channels went mostly to the coffers of European treasuries, with the result that bread eaters were not materially benefited, even though to all outward appearances, the price of wheat in Europe seemed ridiculously low.

Harvesting operations have progressed fairly satisfactorily in our winter wheat states, and cutting was well under way in Kansas, except in western counties and in the extreme north, but some delay will undoubtedly result from the rather unexpected and heavy rains in many districts, although if clearing weather conditions set in, it will probably not be very serious, as already much wheat was cut and heavy carlots are being received at many points. Today, for instance, at Salina, Hutchinson, Enid, Fort Worth, and Wichita, there were 1,900 cars of wheat versus 867 last year. At Kansas City, the run has also improved with 442 cars today versus 136 the previous season. Moreover, the visible supply is of fairly large proportions, being 37 million bu greater than last year; therefore, the time element is not at all important. With the abundant moisture and not excessive temperatures, we believe great improvement has taken place, and this also refers to the spring wheat areas, where considerable optimism prevails.

Primary receipts today were very large at 2,257,000 bu compared with 896,000 bu last week and only 680,000 bu last year. This again shows that the crop had started moving very early. So far this week, Kansas City and Minneapolis stocks had a total increase of 298,000 bu. It will not be long now before the wheat movement is added to by Illinois, Indiana, Missouri and Ohio, and in our opinion this will dampen bullish enthusiasm unless crop deterioration should take place in the Northwest, or possibly Canada. Therefore, we cannot advise bullish operations here, even granting that a fair amount of wheat may be tied up under the government loan and that later the export subsidy will again prove effective.

Finally influenced by the great weakness at Winnipeg, where new season's lows were recorded, our market gave ground, and at the last both July and September wheat declined about 1¢ per bu.

Corn was influenced by the action of wheat, and also the fine weather and crop prospects. Oats and rye declined, These two cereals enjoyed for a time bullish activity, but longs liquidated and new buyers could only be found at sharp recessions.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 22, 1939

A year ago at this time, our market was deriving great encouragement from Liverpool, where high prices ruled and almost every day we had strong cables. At that time, Winnipeg July wheat was selling more than 20¢ a bu above October, showing a great scarcity of cash wheat. Also, estimates on the Kansas, Nebraska and Oklahoma crop were being cut considerably from the very extravagant figures earlier, and the trade was in a fairly optimistic mood. The center of attention was gradually being shifted from the winter wheat area to the Northwest and to Canada. Some were claiming that the spring wheat prospects had been reduced to 150 million bu, and while finally the crop turned out much better, nevertheless, the fear of what might happen had a stronger influence upon the markets than anything else.

At this writing, we have quite a different picture. Despite the fact that shorter crops will be harvested this year in the United States, still it is partially offset by a larger carryover, and furthermore, the world wheat situation is very much more bearish than it was in 1938. This is being reflected at the present time at Liverpool, where new low levels were established today with July wheat closing at 54¢ a bu. Estimated Argentine shipments, while slightly smaller than last week, are still big at over 6 million bu; a year ago only 955,000 bu were placed afloat. The Black Sea also makes a better showing with 1,320,000 bu shipped this week versus only 504,000 bu last year.

Crop prospects in the spring wheat territory must have improved greatly, particularly as temperatures are moderate, and there has been a great deal of rain, which it is well to bear in mind, as July is ordinarily very hot and the top soil dries out very quickly when there has been a deficiency of moisture during June.

We would say on the whole that the winter wheat crop is about made, and while it is impossible as yet to tell within 25 million bu what it is likely to be, we can safely assume that the total yield will be considerably better than the figures released early in June. Clearing weather is predicted for the Southwest, but even after the recent rains, Enid, Amarillo, Fort Worth, Hutchinson, Salina and Wichita, reported that 1,826 cars of wheat had been received today, compared with only 1,131 cars last year. Kansas City had 704 cars, while the season earlier only 129 cars were inspected. Probably a large percentage of the receipts are going into storage, as was the case in 1938, but there is a fair amount of wheat offered on the open market, and apparently a great many farmers in the heavy producing areas were not eligible for the loan, although it is a fact that a fair quantity of wheat is being tied up; therefore, it does not have the same depressing effect upon prices as it would if entirely offered for sale. On the other hand, we are not able to do any export business, except through government subsidy, and with speculation at rather low ebb, there is no market leadership here, and we find that yesterday the open interest in wheat declined 569,000 bu, with all open futures standing at only 71 1/2 million bu.

After the Fourth of July, we look for a tremendous movement from many states -- Kansas, Texas, Oklahoma, Nebraska, Missouri, Illinois, Indiana, and others, and the total ought to be big. By that time, we shall have very heavy hedging sales which will have to be absorbed by new speculative buyers, as the mills and consumers alone will not be likely to absorb them.

Primary receipts today were again very large at 2,726,000 bu versus 1,089,000 bu last week, and 830,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 500,000 bu.

(OVER)

We find that the precipitation in Canada between April 1st and June 21st, was good for all three Provinces, and we list below figures for this year, with comparisons for last year, the normal and 1928:

	1939	1938	Normal	1928
Manitoba	4.68	4.10	4.85	5.80
Saskatchewan	5.27	3.90	4.28	3.87
Alberta	6.19	4.33	5.01	3.73

The reason we make the comparison with 1928, is that in that year Canada had a bumper crop, having raised 566 million bu, but in fairness, we must also state that good rains were received that year in late June, and also, during the month of July.

At the last, our market was influenced by weakness at Winnipeg, and also, the sharp break in rye. July wheat was 1 1/8¢ lower, while the September delivery showed a decline of 1¢.

Corn was influenced by weaker prices in wheat and in oats. Moreover, the crop outlook is splendid and about the only bullish expressions are that with such fine weather up to now, any change might be for the worse. However, each day that the crop progresses is certainly a point in its favor.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 23, 1939

All wheat futures at Liverpool went into new low ground again this morning, and it seems there is very little recuperative power in that market, but continued pressure from the Argentine and lower prices in North America have undoubtedly contributed to the bearish feeling which is prevailing. Importers have reason to believe that many of the factors, such as subsidized exports from surplus countries, which applied last season, will continue, and in most cases, the governments have very little regard for price, as their main objective is to get wheat out of the country. It is somewhat different, therefore, from export business which is handled in a normal manner. We have found in the past that when prices declined sharply, the farmers sold more sparingly, and therefore, grain was not always offered in large volume. However, under the present system, fairly high prices are being paid to the farmers in the Argentine and in Canada for their product, and the government knows at the time of purchase that a loss will be sustained when the wheat is sold, and all during this period they have kept supplies on the market, even though this entailed an ultimate loss to the taxpayer.

The world's crop season is shortly coming to a close. During the 46 weeks, total world shipments have amounted to 533 million bu, or an average of 11,600,000 bu per week. In order to attain Broomhall's goal of 580 million bu, it would only require weekly clearances of 7,732,000 bu during the next six weeks, but indications point to an excess over that amount, and this probably means that additional reserves will be built up; therefore, smaller takings during the next crop season may result. Since August 1st, Canada has shipped a total of 142 million bu of wheat and flour, compared with 85 million bu a year earlier, but in spite of this, there is nearly 130 million bu still available for surplus and carryover, while last year the quantity was only 31 million bu. It is therefore apparent that at the end of the season, the carryover will be about 100 million bu larger than it was in 1938, and this may still afford a problem to the Canadian Wheat Board, in view of the fine crop prospects which may finally give them larger yields than were obtained the past season. We therefore consider the outcome of the Canadian wheat crop as the most important factor in shaping the price for the world, and while there undoubtedly will be a good many complaints before the crop is harvested, we feel very optimistic at this time, in view of the moisture situation, and the added fact that a large percentage of the crop consists of rust resistant wheat, so that scares from that source are not apt to have as much influence as in the past, nor is the actual damage likely to be very great.

According to the Bureau of Agricultural Economics, the world's carryover on August 1st, will probably amount to 1,251 million bu. If this high record is realized, it will be the largest amount of wheat that was ever carried into another crop, and apparently accounts for the reassurance on part of European buyers. A comparison with last year would be interesting, when the world's carryover was only 595 million bu, and two years ago, 520 million bu. Even during Farm Board accumulations, when the U. S. alone had close to 400 million bu on hand at the end of the season, there were not large supplies elsewhere, and therefore, the total figures did not reach present proportions.

Primary receipts today were 2,249,000 bu versus 1,025,000 bu last week and 1,013,000 bu last year. So far this week, Kansas City, Duluth and Minneapolis stocks show a net increase of 668,000 bu. We are looking forward to a moderate increase in the visible supply on Monday and it will compare to last year's increase of 402,000 bu, which was the first one of the season.

(OVER)

Influenced by a somewhat better milling business, our futures remained rather firm during most of the session, and hedges were apparently covered to take care of this business. It is quite natural that support of this kind will appear frequently, particularly with our futures around the 70¢ level.

From all the information we could gather, recent weather in the Northwest has been favorable for crop development, but in spite of this, there are bound to be a good number of scares and a few of them were heard this morning. However, nature does not provide perfection in any year, which is rather fortunate; otherwise, crops would probably be larger than could be comfortably handled. Recent rainfall over most of the area makes us feel that improvement, rather than deterioration, must have occurred.

At the last July wheat was 1 1/8¢ higher, while September wheat advanced the same.

Corn was somewhat firmer in spite of continued good reports from growing areas. However, pressure is light at the moment and with the better tone to the oat and rye market as well, there was less resistance to the buying, and with the rather small primary movement, fractional gains were easily attained.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO · June 26, 1939.

It was almost a foregone conclusion on Saturday that receipts in the Southwest would be very large today, and there were no disappointments in that direction, as the first harvesting operations were earlier than usual. At the following five points; Hutchinson, Salina, Wichita, Enid, and Fort Worth, there were 3,[illegible] cars compared with 1,578 last year, and at Kansas City there were 1,[illegible] cars versus 625 cars a year ago. In our opinion, this suggests that the crop was very good and probably better than earlier expectations; otherwise, the first movement would have been on a much smaller scale; in fact, the Bureau of Agricultural Economics points this out in their weekly letter, and we believe when the July figures are released they will be much more optimistic than the June report. The same is probably true for the spring wheat areas also, as much improvement is being reported over most of the belt, but especially in central and northern districts, as a result of abundant moisture and cool weather. Up to the present time no serious damage has been claimed in the Southwest, where rains have delayed the harvest in some sections, but this morning moisture in parts of Kansas and Nebraska was exceptionally heavy, so it remains to be seen whether quality, if not quantity, was affected. An Omaha newspaper reported 10 inches of rain at Sargent and Burwell, Nebraska, which is something almost unheard of in normal times, but of course, these two places were the exception, and elsewhere moisture varied from showers to several inches. They had some wonderful precipitation in Canada and an analysis of the week shows that in Saskatchewan more than two inches were rather general in many places, and this amount was exceeded in several spots, almost assuring ample reserves to carry the crop to maturity. We can hardly remember a season when the rains were as general and as heavy as they have been during the past three or four weeks.

Our market might have been lower even without foreign news but it seems that continued heavy offerings of Argentine wheat are having a depressing influence on world markets, and this is not surprising as the surplus remaining in that country is still larger than it ordinarily is just after harvest, owing to the fact that the second largest crop on record was raised this past season. Since Jan. 1st, shipments from that country have been slightly over [illegible] million bu compared with only [illegible] million bu the year before, but it looks as though they will continue to offer their wheat in large quantity, which is bound to afford competition for both Canada and the United States.

Liverpool prices were sharply lower, losses ranging from 1 1/2 to 1 5/8¢ a bu, and July wheat closed at 53 1/4¢. World shipments were 13 1/2 million bu, showing quite a drop-off from last week, when they were over 17 million bu, but yet were twice as large as a year ago. Other than the Southern Hemisphere and North America, no country is putting a great deal of wheat afloat, but yet, the amount on ocean passage is 47,712,000 bu, or about 11 million bu greater than in 1938. One would naturally imagine that the cheapest wheat in the world is that at Liverpool. This is undoubtedly correct and as we know, this could only have come about because of subsidies of artificial selling measures adopted by surplus countries. In view of the fact that very little change is expected in this direction, we see no particular reason for any sharp recovery unless later on crop news proves to be the basis for a more bullish picture.

There has been sufficient moisture in the Balkan States to maintain normal progress. Excessive rains in May and the early part of June damaged wheat in Italy, Greece, and Portugal, but prospects in other European countries are about up to average. A crop considerably smaller than last year's is in sight, although it may compare fairly favorably with those of average years.

(O V E R)

When the visible supply of wheat was posted it showed an increase of 4,258,000 bu, and total stocks are 65,498,000 bu, or roughly 41 million bu larger than a year ago. The wheat apparently is coming in pretty fast despite the rain of last week; arrivals at nine leading winter wheat terminals were reported at 13,497 cars which was almost four times those of the year earlier. The primary movement today was big, amounting to 4,969,000 bu today versus 2,859,000 bu last week, and 2,116,000 bu last year. Chicago stocks showed very little change, but still 4 1/2 million bu are locally held.

Our market fluctuated within rather narrow bounds. However, there was some hedging pressure exerted, and at the last July wheat declined 1/4¢ per bu, while the September was unchanged. Bearish sentiment was tempered by the additional moisture in the winter wheat states, and also the fact that the market was more than 10¢ per bu under the government loan price.

Corn went into new low ground, crop prospects remain elegant, and there seems to be little incentive right now for making purchases, at least, while the outlook remains so favorable.

UHLMANN GRAIN CO

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO June 27, 1939.

The trade is watching prices at Liverpool just as carefully as though that market were at a shipping parity over ours. Each day somebody figures out how much lower or higher they should come in view of fluctuations here, but since we are probably 30 to 35¢ per bu out of line for direct export business, naturally any comparisons between Chicago and Liverpool are merely conjectures that whatever relationship has taken place at one session should continue for the next. When we study their prices as they stood yesterday at new lows for the season, they were only 1 1/2d per 100 lbs over the all-time low, which was reached in 1931. Therefore, a fractional reaction this morning was almost to be expected. As we have pointed out in our letters repeatedly, recent declines were due to a number of factors.

First of all, artificial influences must be considered, because without an export subsidy from here, or without pressure from the exporting countries to sell regardless of price it is doubtful whether such low values would have been established, even taking into account the large prospective world carryover which is now in sight.

European demand for actual wheat has been rather slow, while increased floating supplies have given greater reassurance to importing nations; then there is the ever-large Argentine surplus to contend with. There has been very little said about soil conditions in the Southern Hemisphere, where at the present time seeding operations are progressing satisfactorily. In both countries there has been sufficient moisture recently, and crops seem to be getting off to a good start with damp weather rather favorable.

In our own country, traders were influenced by further reports of wet weather in the winter wheat belt. It is quite true that for the time being harvesting operations have been delayed, and we are beginning to find that this is reflected in car-lot receipts at various Southwestern points. Today, for instance, Wichita, Salina, Hutchinson, Fort Worth, and Enid received 870 cars of wheat, while last year there were 1,170 cars. It is a fact, however, that with ample stocks in various positions there is no anxiety for immediate supplies, and whether wheat should move now or in two weeks is rather unimportant to the consumer, although it might have some bearing upon the actual amount of pressure which hedges will exert upon the market. At KansasCity there was a good run of wheat today --607 cars versus only 131 cars in 1938, and from information which comes to us, both millers and elevators are able to fill storage to fairly good advantage.

There were more rains reported in a number of places. Generally speaking, however, the moisture was not as severe as recently, and with one or two exceptions it could almost have been termed as showers. Our weather man looks for clearing skies, and if this is the case, it will lend some relief, and farmers may be able to go into the fields again within the next two or three days. It remains a speculation as to whether quality will be affected by this excessive moisture, and it will probably vary according to districts. However, receipts show that there is a certain amount of tough wheat arriving at terminals, and probably drying facilities will be taxed for sometime to come in order to get the grain in sound condition for storing. It looks to us as though more wheat would come to market for this reason, and that less would be kept on farms, as would have been the case had there been a dry harvest. Fortunately, the combine machines can go into the fields after a few days of sunshine, and up to now there have been very few complaints of wheat lodging, nor do we believe that the actual number of bushels have been threatened much owing to inclement weather.

(O V E R)

In the Northwest, hardly a day has passed but that rains were reported in one section or another, and under these circumstances, it is only natural that the crop should be making good progress.

There is an unusually limited amount of news coming from the growing areas, and we take this as an indication that prospects on the whole must be pretty good.

Primary receipts today were 2,145,000 bu versus 1,966,000 bu last week, and only 756,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 603,000 bu.

During most of the session prices were very firm, and at the close July wheat showed an advance of 1 5/8¢ per bu, while the September was 1 1/2¢ higher. We regard this as a fairly good reaction from the recent lows, and should there be drying weather conditions in the Southwest, we would look for increased pressure again shortly.

Corn was firm, largely in sympathy with wheat, but crop prospects are very good, and we believe that this cereal will need support right along if prices are to remain at these levels.

UHLMANNGRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 28, 1939.

Ten years ago today Alexander H. Legge was selected by President Hoover as the outstanding American business man to take the chairmanship of the Federal Farm Board.

At that time farm prices were considered too low, and it was hoped that the producer might be helped; July wheat then was selling at $1.13 3/4 per bu, while New York July cotton sold at 18.28¢ per lb. Since that time we have had all kinds of artificial influences, such as pegging, outright buying, loaning, subsidizing, and holding, but yet at the close tonight, in spite of all these efforts, July wheat is 70 3/4¢ per bu, and July cotton about 9.50¢. The latter almost half of what it sold for ten years ago.

Federal activities were not confined to these two commodities alone. For several years now butter has been bought by various governmental agencies, and yet the November future at Chicago sold yesterday at the lowest June price for that delivery in six years.

High prices for silver have stimulated production in almost every part of the world, with the result that both domestic and foreign metal has been acquired under the Silver Purchase Act of 1934. The Treasury is estimated to have acquired $750 million of the metal abroad, and more than $250 million at home. A change in the United States policy was just adopted, lowering the price paid for foreign silver from 43 to 40¢ an ounce.

The cotton loan, which was intended to help the producer, has in effect probably averted recent declines, but with the result that there will be a record breaking surplus of 14,250,000 bales of American cotton carried over throughout the world when the new crop starts moving to market in August, the government holding 11,300,000 bales of this supply under price-pegging loans.

To compliance farmers who have voluntarily reduced acreages, loans have been granted on corn, and at the present time about 250 million bu have been tied up and withheld from the usual marketing channels. Substitute feeds were used, and through this influence we shall probably have the largest carryover on October 1st on record.

The chief reason that the government's lending program has failed of its purpose lies in the fact that it has not been operated along regular business principles. In the first instance, these commodity loans have been made without recourse. In other words, if prices fell the farmer was under no compulsion to pay off his loan, while if prices rose above the loan value of the commodity, he took the profit. Secondly, loans were generally set at such a high figure that in practice they have amounted to quasi-price pegging. This has not proved healthy, as we pointed out in corn; and in the case of cotton, which must compete with foreign growths, the practice has also been unwholesome, because there has been a tremendous decline in the foreign market for the American staple.

Liverpool quotations today were unchanged to fractionally higher, and with very little encouragement from Europe, traders had to look for other news, which apparently was readily found when further moisture had been reported in parts of our Southwest. However, there is a fair amount of wheat moving, as considerable cutting had been done before these rains set in. Today at Hutchinson, Salina, Wichita, Enid, and Fort Worth 1,388 cars of wheat arrived compared with 1,063 cars last year; Kansas City had 793 cars versus only 159 in 1938. Apparently there was enough hedging pressure to take care of new buying commitments, and early gains were about wiped out, July wheat finally showing a loss of 3/8¢ per bu while the September was 1/8¢ per bu lower.

Primary receipts were moderately large at 2,422,000 bu versus 2,257,000 bu last week, and only 844,000 bu last year. Stocks at Kansas City show an increase of 1,247,000 bu for the first two days this week.

We continue to get fairly favorable reports on the whole from the spring wheat areas, and conditions are quite optimistic through most of Montana, and all of northern NorthDakota; elsewhere the crop is somewhat spotted, but we hear very little about rust, and can only repeat, as we have mentioned in these letters often, that moisture and comparatively cool temperatures have been beneficial up to this time.

Corn was steady early but finally declined. There was no great activity, and it is not easy to attract new buying power while crop conditions remain so favorable.

UHLMANN GRAIN CO.

Chicago June [illegible]

Ten years ago Alexander H. Legge was selected by President [illegible]ver as the outstanding American business man to take the chairman[illegible]p of the Federal Farm Board.

At that time farm prices were considered too low, and it was [illegible]ped that the producer might be helped. [illegible] selling [illegible] 1.12 3/4 per bu, while [illegible] for July cotton [illegible] 18.[illegible] per lb. [illegible] time we [illegible] all kinds of [illegible], outright buying, loaning, subsidizing, [illegible] tonnage, in spite of all these efforts, [illegible] per bu, and July cotton about [illegible]. [illegible] sold for ten years ago.

Federal activities were not confined to [illegible] commodities. [illegible] several years [illegible] butter [illegible] by various governmental agencies, and [illegible] November [illegible] lowest June [illegible] activity in [illegible].

[illegible] prices for silver have [illegible] in [illegible] of the world, with the result that [illegible] is estimated to have [illegible] more than [illegible] million [illegible] [illegible] 10 [illegible] an ounce.

The cotton loan, which was intended to help the producer, has [illegible] effect probably [illegible] will be a record breaking [illegible] cotton carried over [illegible] to market in August, the government holding [illegible].

The cumulative [illegible] have been created [illegible] commodity [illegible] have been tied up [illegible] channels. [illegible] the feeds were [illegible] will probably have the largest carryover [illegible] October 1st [illegible].

[illegible] of its purpose lies in the fact that it [illegible] [illegible] producer [illegible]. In the [illegible] loans have been [illegible] without [illegible]. [illegible] fall the farmer [illegible] under no compulsion [illegible] prices rose above the loan value of the [illegible]. [illegible] loans were [illegible] that they have amounted to [illegible]-price [illegible] as we [illegible] in corn; and in the case of [illegible] must compete with [illegible] products, the [illegible] because there has been a [illegible] [illegible] been [illegible] stable.

Live [illegible] quotations to [illegible].

[illegible]

The other hand, [illegible] had been reported in [illegible] of [illegible] movement of wheat moving, [illegible].

[illegible] 1,[illegible] of wheat arrived [illegible]; Kansas [illegible] 72 [illegible] only 1 [illegible] was [illegible] and early [illegible] were [illegible] loss of [illegible] were [illegible] 7,[illegible] in last week, [illegible] only [illegible] an increase of 1,[illegible].

[illegible] to [illegible] conditions [illegible] stands, [illegible] of [illegible] expected, but we [illegible] little [illegible] in [illegible] and [illegible] to [illegible] was [illegible].

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 29, 1939.

After an irregular start, Liverpool futures rallied, with increased apprehension over latest European developments. Their market showed gains of 3/4 to 1¢ a bu.

If one is easily scared or in a pessimistic frame of mind, he could see how a major catastrophe might occur any minute. As a matter of fact, there had been no general European war since Napoleon's downfall, until the world war, or from 1812 to 1914, excepting a short war lasting about four months between France and Germany, in which no other large nation became involved. Of course, there were many minor ones, particularly in the Balkan states, but they could not compare with what recently happened in Spain. In the meantime, however, there were possibly 50 to 100 serious war scares at various times. With more at stake now, and withthe great efforts which are being made to prevent war, it is still likely, or at least to be hoped, that it may be averted. Up to the present time, Mr. Hitler has made territorial acquisitions largely through bluff, and possibly this is his plan with reference to Danzig; but it is our theory that before entertaining a more belligerent tone, he would wait until after harvesting operations at home, which would be next August. We thoroughly appreciate the futility of analogies drawn betweenthe past and the present, and therefore believe that the situation will bear close watching. This is apparently felt to a greater degree in London and on the Continent, where there was a heavy demand for American dollars this morning in response to the growing strain in the European situation. There was no change of importance in sterling, but reports claimed that this was only because of a rigid peg maintained by the control interests.

Our market naturally responded to foreign advices, as well as higher quotations at Liverpool, and in addition to this, there was a much better demand for Manitoba wheat, probably a million bu having been sold to Europe, which meant the covering of hedges, and as a result Winnipeg futures were very strong and at times led our market.

Total wheat and flour exports fromCanada since August 1st amount to 144 1/2 million bu compared with slightly less than 87 million bu last year. However, there is still a balance for export and carryover of 127 million bu, while in 1938, there was only 30 1/2 million bu remaining at this time. It seems almost a foregone conclusion that they will have about 100 million bu more wheat on hand October 1st than they did the previous season.

Furthermore, according to the Sanford Evans' crop report, "In broad outline, the 1939 growing season continues to parallel that of 1928." He points out that while it had been dry early copious rains in June were most favorable for the best development of the crop, and it must be remembered that 1928 was their banner year as far as yields were concerned. Ordinarily, we have to be quite worried about moisture in the spring wheat areas during July, and this is very frequently a critical period; the sun is very strong, days are long, and unless occasional thunderstorms or rains occur frequently, there is a chance for heavy deterioration. In fact, we believe that statistics will show that spring wheat conditions more often decline during the month of July than otherwise, but with conditions as they have been everything is exceptionally propitious, and we doubt whether more immediate rains could be wished for.

There had been some additional showers overnight in the Texas panhandle, which were not altogether favorable, and will probably mean further delay in harvesting operations, although the rains were confined mostly to the northern and eastern parts. The only complaint we heard was some lowering of test weight and protein. Probably not over 35 per cent of the wheat has been harvested, and, therefore, dry weather would be more than welcome. Except for a few scattered showers overnight, Kansas reported a more favorable outlook; in some places

(OVER)

farmers were in the fields again today, although around Wichita and Hutchinson, where recent rains were the heaviest, there is water in the fields, and possibly some of this wheat will be lost. The overnight prediction is for mostly clear skies everywhere, and this would be very beneficial.

Southwest carlots at Wichita, Hutchinson, Salina, Fort Worth, and Enid were 1,039 versus 1,349 last year. Of course, it must be remembered that the winter wheat crop in 1938 was very much larger than this year's, and future comparisons may not make a good showing.

Primary receipts today were 2,758,000 bu, or much the same as last week when they amounted to 2,726,000 bu, and 1,779,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a total increase of 2,145,000 bu.

Our market was steady right from the start, and never yielded much ground, which is quite natural in view of the tenseness in Europe, and higher quotations in international markets. At the last July wheat showed an advance of 1¢ per bu, with the September future up the same.

We are convinced that corn derived most of its strength from wheat, but in spite of this, it did not make a particularly good showing as crop prospects remain good. There is almost a full carrying charge between July and September. The same refers to rye. These are factors that often mitigate against bullish activity.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

June 30, 1939

The European political situation yesterday was extremely tense, and it was rather difficult to guess what the next move might be. We regard it as highly fortunate that Viscount Halifax served rather blunt warning upon the German Chancellor that Great Britain was ready to go to war at once if Germany mobilized in any attempted aggression in Europe. It seems that dictators who make bluffs understand this language better than they do plans for appeasement; and a powerful country like England threatening to use her might in fulfillment of pledges given to Poland, Rumania, Greece, and various other nations, came as a surprise to Germany, and also served to relieve the tension in France and England.

It was felt that less danger existed at the moment for any immediate outbreak of war, and as a result London stocks advanced; likewise, Liverpool wheat, which had been quite strong today, reacted, with the close showing a loss of 1 to 1 1/8¢ per bu. This tempered bullish enthusiasm in our market; a number of locals who had made purchases yesterday were apparently quick in selling out this morning when our market opened.

The weather was mostly favorable, and not much moisture was reported in the Southwest, although one or two isolated reports were heard of a cloudburst, but in a general way fields seem to be drying, and this is very favorable for harvesting. Similar conditions more or less are predicted for the entire wheat belt, and very likely we shall have additional hedges coming into the market before long. Even with the rains which have taken place during the past few weeks, we find that wheat receipts at Enid, Amarillo, Wichita, Hutchinson, and Salina were 1,258 cars compared with 1,362 cars last year. This is a fairly good showing when it is considered that the present crop is considerably smaller than the one raised in 1938.

First tenders were made on deliveries, but we do not have the full facts before us, as hedgers have the entire session to make up their minds as to whether or not they shall deliver, although it looks very much as though there might be close to 1 3/4 million bu delivered on July contracts tomorrow, which is probably more than was expected. Very few people seem to take seriously the tremendous world's carryover, which will face us on August 1st. It looks very much like a situation that we had in 1932-33 when world supplies were large almost everywhere. However, during the four succeeding years, when extreme drought prevailed, final stocks were reduced to normal or subnormal proportions. It remains to be seen whether we shall have a repetition of that, or whether we shall jog along with just normal crops. If other countries do not reduce their acreages, it may take longer to accomplish this object, and for that reason we may have low prices for a longer period than is desirable.

Very little was heard of export business today, although a few Manitobas were worked, and apparently Europe is content to await further developments after yesterday's large purchases.

Primary receipts were large at 3,263,000 bu versus 2,249,000 bu last week, and 2,240,000 last year. So far this week, Kansas City, Minneapolis and Duluth stocks show a total increase of 3,070,000 bu. We look for a fair-sized increase in the visible supply on Monday, which will compare with the one last year of 3,082,000 bu.

The open interest has been increasing right along, and now stands slightly over 78 million bu. The chances are that as new hedges come into the market this figure will grow steadily unless there should be an entire change in the prospects of the spring wheat crop. However, reports which we are getting seem to indicate that the outlook is quite favorable. At the last July wheat showed a decline of 1 1/8¢ per bu, with the September 3/4¢ lower.

Corn was influenced by heavy tenders which were making the rounds, and the chances are that carrying charges between September and December will widen, as there is reason to believe that between now and October some of the corn under government loans may find its way to terminal markets.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 3, 1939.

Although great apprehension had been expressed, the weekend passed without any new warlike moves in Europe. The easing of tension and slow demand was registered in the Liverpool wheat cables, which showed losses at the close ranging from 1 to 1 3/8¢ per bu. It is reported that Argentine wheat afloat has been sold on basis of 55 1/2¢ CIF Liverpool, and under the circumstances, with plenty of wheat still available for export in both the Argentine and in Canada, there is no reason for English millers to be at all concerned over obtaining their requirements.

Very often at this period of the year great anxiety exists as to what might happen to the crop in this country over the Fourth of July holiday, concern being felt over lack of moisture and high temperatures, which very frequently occur at this period. However, this year will be different, as some further rains occurred in sections of the Southwest, and, if anything, drier weather might be preferred. Furthermore, temperatures are not excessive in any sections.

Rains have somewhat delayed harvest in parts of the Southwest, but in spite of same the movement is very heavy. There were 2,308 cars in Kansas City today, while Enid, Amarillo, Salina, Hutchinson, Wichita and Fort Worth reported a total of 3,128 cars. During the past sixty days, doubts have existed in the minds of many traders as to the amount of free wheat there would be available under the loan, but up to the present time elevators in the Southwest seem to have no difficulty in obtaining their requirements.

There was some additional moisture received at points in our Northwest, and our weather man looks for scattered showers tonight in that section. According to the U. S. Department of Agriculture's bulletin of July 1st, abundant rainfall throughout most of the United States and Canada has improved prospects for spring wheat. Conditions in Canada remain almost perfect, with moisture the best reported in the past eleven years. Manitoba has received about 89% of normal; Saskatchewan 135 per cent, and Alberta 115 per cent. As mentioned previously in this letter, the Southwest harvest has been somewhat delayed, but we have been advised that it is estimated that at least 75 per cent of the Oklahoma crop has been harvested, while in territories surrounding Hutchinson and Wichita, from 50 to 75 per cent has been completed.

From Europe there is very little change in the prospects for winter wheat. Yields about equal or possibly slightly larger than last year are expected in the Balkan countries, with the possible exception of Rumania. Harvesting in Italy is making good progress, with good yields indicated, although of rather poor quality. Germany and other European countries have about average prospects. In Russia, it is reported that the weather during the past week was distinctly unfavorable and that further deterioration is anticipated unless moderating temperatures and rains are received shortly.

Primary wheat receipts were very heavy, totaling 7,235,000 bu, versus 4,060,000 last week; no comparison can be made with last year due to a holiday. When the visible supply figures were posted today they reflected the large movement of wheat, and showed an increase of 11,964,000 bu against a gain last year of only 3,082,000 bu for the same period. The total visible now stands at 77,462,000 bu, or almost 50 million bu larger than same time a year ago.

Wheat deliveries are rather heavy in outside markets; in Winnipeg they amounted to 3,594,000 bu; in Kansas City, 760,000 bu, with intentions to deliver 155,000 bu.

(O V E R)

The open interest in Chicago July wheat decreased on Saturday 1,784,000 bu, and now stands at 14,931,000 bu. The total interest of wheat for all months is 79,376,000 bu.

The amount on passage is reported at 45,408,000 bu. This is somewhat less than last week when it was 47,712,000 bu, but considerably increased from last year at which time it was 35,920,000 bu. World shipments for the week amounted to 12,448,000 bu versus 13,548,000 bu last week, and 10,368,000 bu in 1938. Of the shipments, North America contributed 3,875,000 bu, Argentina 3,696,000 bu, Australia 1,820,000 bu, and the Black Sea 2,160,000 bu.

There was some export business reported from Canada, but the demand from this country remains flat. At the opening our market somewhat reflected the weakness in Liverpool, but during the session hedging pressure was more than could be absorbed, and at the close both July and September wheat showed a decline of 1 5/8¢ per bu.

Primary receipts of corn were light, and only totaled 502,000 bu against 785,000 bu the previous week. The visible decreased 2,054,000 bu compared with an increase of 695,000 bu a year ago. Although the weather remains very advantageous for the new corn crop, this cereal did not reflect the weakness in wheat.

Rye showed independent strength throughout most of the session, but trade was rather small and offerings very light.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO

July 5th, 1939

It seems, in spite of the very low prices which prevail in international markets, that consumption has not increased to any great extent, although possibly the Orient has taken larger quantities than would have been the case if prices had ruled higher. Very likely the reason for this is that while Liverpool, Argentine and Winnipeg quotations have been low, the ultimate consumers of bread in various European countries have not benefited. High tariffs, which were established primarily with the idea of encouraging home production, have meant that the breadeaters have had to pay rather dearly for their needs, and furthermore, general economic conditions in Europe have been so bad that other than extra war reserves which were set up, there was not a great deal of buying to lay in supplies for future use. In the past, when a very low price prevailed, provision was made to store extra grain, but it seems that consumptive demand continues just from hand to mouth. The fact that the Argentine surplus is so tremendous discouraged any bull movement in Europe, and while that wheat was never pressed upon the market, it was always a matter of common knowledge that it could be had without much eagerness on part of the European trade. It is also true that various artificial stimuli have failed in many respects, and we have maintained for several months that it was almost a foregone conclusion that the world price level would rule very low, so long as both the Argentine and Canadian governments were in possession of so much wheat. Furthermore, we considered it more than likely that the United States could not completely escape such disaster.

There was a slight rally this morning at Liverpool, with prices 1/2 to 3/4¢ higher than on Monday. The gain came from a very depressed level, with July wheat still selling at only 54 1/2¢. Very often, when traders come to their offices after the Fourth of July, they find that while receipts have been very heavy over the holiday, the weather has been very hot and that numerous complaints have been circulated by those who made crop inspections. As a matter of fact, there was very little news of that kind this morning, and on the whole, temperatures in our Northwest were mostly moderate, with practically no complaints being received. The private experts gave their views on spring wheat conditions, estimating a crop of 196 million bu compared with 184 million bu last month, and the government's figure which ranged from 145 to 170 million bu. Taking the combined winter and spring wheat figures of the various observers, there appears to be a total crop of 721 million bu in sight, which would be slightly more than domestic requirements. Should we get a crop of that size, it would compare with 931 million bu raised last year, and an average crop for the past 10 years of 753 million bu. Included in that period were the several drought years, although acreages then were considerably greater than they were this past season, because of the government's curtailment in connection with the bounties paid to the farmer for his reduced plantings.

Owing to the fact that this year's crop is so much smaller than the previous one, we can hardly expect that comparative receipts in the winter wheat states will make a very good showing from now on, and therefore, it was not so surprising that Kansas City had only 1,790 cars of wheat today, compared with 4,809 cars last year. However, Salina, Wichita, Hutchinson, Enid and Fort Worth had a total of 2,633 cars, or more than in 1938, when 2,440 cars were received.

Tentatively, the government continues its program of subsidy payments on exports of wheat and flour this coming season, but official announcements are not to be made until a later period, and in the meantime there are certain plans still to be worked out, depending upon the outcome of the International Wheat Conference, which will meet soon in London. Also the administration will take into account

(OVER)

the current wheat situation and the outlook both in the United States and in the rest of the world before coming to any definite conclusions. Furthermore, it is not definitely determined yet what the exact amount of the loan wheat stocks will be foreclosed by the CCC and turned over to the FSCC, although officials recently stated that they expected the final amount of this loan wheat would be much smaller than former expectations. As a good part of the grain was liquidated on the open market when we had the sharp run-up about six weeks ago, a number of farmers were in a position to redeem a large part of their wheat. Several months ago there were supposedly about 85 million bu of wheat tied up, but the producers were given an opportunity to pay off these loans before maturity, and on June 13th, the CCC records disclosed that only 31,700,000 bu were still pledged under loans.

Primary receipts for two days were 6,696,000 bu vs. 2,422,000 bu last week, and 3,969,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 1,439,000 bu. We expect that for several weeks yet there will be good gains in the visible supply, and probably the open interest will grow also as more hedges are put into the market.

At the last July wheat showed an advance of 5/8¢ per bu, with a slightly better sentiment expressed owing to the fact that a fairly large precentage of wheat is not going through the regular trade channels, and offered on the free markets. September wheat also closed 5/8¢ higher.

Corn was firm, but there was no particular feature. On the whole, moisture and crop conditions remain nearly ideal, and those who have been out in the country examining fields have returned in a most optimistic frame of mind.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 6, 1939.

Complete figures for the world carryover on July 1st are not yet available, but the chances are that we shall have twice as much wheat as was on hand in 1938, at which time we carried over about 600 million bu. This increase was made possible because last year's crop was so large and amounted to 4,555 million bu. Fortunately, there is a smaller prospective production in sight this year, which may be attributed to acreage reductions in the United States, and also to smaller yields per acre in Europe. As an offset, some increases will probably take place in Canada and North Africa, but in any event the crop may be about 500 million bu less than the previous one, according to the Bureau of Agricultural Economics.

We see very little chance under these circumstances of making heavy inroads into supplies, particularly as Europe is not interested in adding so heavily again to war reserves as was the case last year. World shipments for the season were estimated by Broomhall to be 580 million bu, and to date 558 million bu of wheat and flour have already been put afloat; so possibly his figure will be slightly exceeded. It will compare with previous years as follows:

1937-38	512 million bu
1936-37	595
1935-36	494
1934-35	533
1933-34	523
1932-33	615

It will be seen that during this period, regardless of whether European crops were large or small, the requirements from exporting nations were not large. This may be attributed to the fact that ever since the Farm Board era, and since the time that Canada tried to hold prices artificially high, Europe has taken steps to largely increase acreages with the result that surplus countries have suffered.

In the six years prior to 1932, average world shipments amounted to 784 million bu, but apparently, there is no chance to immediately regain those export markets which we have lost, particularly while economic conditions abroad remain as they are, and while high tariffs continue to encourage home production and make the various nations more self-sustaining. A year ago, we started in the United States with total supplies of 1,085 million bu. This year, assuming carryover of 270 million bu, and taking the average of the private experts, we shall have 991 million bu. However, there is some doubt in our minds whether we shall be able to export as heavily as we did, for the reason that other nations have large reserves and are meeting competition regardless of how high the subsidy may be from here, and at the moment it would probably amount to 35¢ a bu if we wanted to sell our wheat either to England or to the Continent. Furthermore, the best quality high protein wheat which Europe sought last year could probably not be furnished so easily this year.

This is quite different from one year ago, when Canada and the Argentine had such meager supplies that we were able to sell our grain without any subsidy at all, and possibly did succeed in getting 20 million bu of wheat out of the country before the government subsidy started.

We note with interest that the United States has placed a countervailing tax upon Italian silk entering this country in an amount equal to the bounty paid by the Italian government for getting silk out of their country. This is rather interesting in view of all the barter and subsidy plans throughout the world.

(OVER)

Argentine shipments this week were estimated at 4,409,000 bu, which was somewhat larger than last week. After taking this into account, the remaining surplus, based on the last estimate of production, is around 152 million bu, or practically as much as is generally on hand right after harvest.

There was only a small scattered business reported in North American export circles, and with the fine prospects still in Canada, their market was weaker than ours during most of the session. The lengthy period of unsettled weather up there is ended, and with higher temperatures and sunshine good progress was reported, and in the southern areas wheat is already heading out. Some observers are talking very high figures for that country, and this would also make it more difficult to export wheat from the United States this coming season.

Primary receipts today were 3,939,000 bu versus 2,758,000 bu last week, and 4,573,000 last year. So far this week Kansas City and Minneapolis stocks show a net increase of 2,929,000 bu. Carlot receipts at Salina, Hutchinson, Wichita, Enid, and Fort Worth were 1,504 versus 1,423 cars a year ago. Considering the rains and the fact that the crop is smaller this is a pretty good showing. At Kansas City there were 923 cars compared with 1,824 the year earlier. Hedges continue to come into the market offsetting a fair milling inquiry, as well as new investment buying by the public.

The open interest expanded again, and for all wheat futures, it amounts to slightly over 83 million bu. We believe it will continue to grow and that additional speculative buying will be needed to take care of more hedges. At the last July wheat was 1/8¢ per bu lower, and September was unchanged.

Corn was somewhat firmer in spite of the splendid reports from the growing areas. In Iowa, one message had it that the stalks were as high as the fence, and too tall to cultivate, except in some irregular fields. The feature to this market, however, was an announcement from Washington extending present corn loans and paying the farmers 6¢ per bu if they agree to keep their corn on the farms until August 1st, 1940. The loans will be renewed at their present rate of 57¢ a bu, and continue to draw 4% interest. According to Mr. Wallace, keeping the corn under seal for an additional year makes it possible for the ever-normal granary to function, as provided for in the AAA program. Just to what extent farmers will avail themselves of this privilege depends upon individual instances, and where crib space is insufficient, we still believe that considerable corn which is now pledged for loans will still come to market after October. However, it makes greater uncertainties, particularly if we obtain big yields this coming season on our present acreage.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 7, 1939.

Anybody who figures on making a permanent investment in wheat must count more or less on artificial influences, as certainly there is no encouragement, either from Europe or from international statistics. When we look at the price of July wheat at Chicago at 67 1/2¢, it seems fairly low, based on past performance, and yet, when we take into consideration that a 35¢ subsidy would probably not move more than a moderate quantity of wheat into export channels, it demonstrates how very bearish is the world situation. This figures about 32 1/2¢ for Chicago wheat, based on export parity and still importers are buying very leisurely, probably counting on favorable developments in Canada. The latter, in our opinion, is still the most important determinant, inasmuch as there will be no great changes from now on, so far as our winter wheat is concerned. It is true that the rather optimistic prospects of our spring wheat crop might change somewhat, but the importing world depends so much upon the size of Canada's yields to fill their requirements that we think it will be of interest to note moisture conditions in that country during the month of June, as follows:

Average for various stations in Manitoba, 3.34 inches compared with 2.98 inches normal.

In Saskatchewan, June rainfall amounted to 4.86 inches compared with 2.74 inches normal.

For Alberta, precipitation was 4.48 inches versus normal of 2.99 inches.

It will be observed, therefore, that during the month, which is often critical, in each province there was favorable moisture, and even studying the precipitation at individual points, the showing was very good. We might go even further and look at the precipitation which occurred since April 1st, making comparisons with last year, as well as the normal, and this is tabulated below:

	1939	Last year	Normal
Manitoba	6.58	5.34	6.16
Saskatchewan	7.03	6.06	5.49
Alberta	7.66	6.26	6.31

One could almost be in far-off Australia just receiving moisture reports, and still gain fairly accurate knowledge of crop developments. This is particularly so during the present season, owing to the fact that rust-resistant wheats were sown over most of Canada, where the plant was susceptible to the disease, and, therefore, damage which so often has resulted from rust, is not apt to be a factor this year.

During the past week, warmer weather in parts of Western Canada stimulated crop growth and good progress was made. There are bound to be some scares before the plant reaches maturity, but in any event, it looks very favorable for big yields.

So far as our wheat market is concerned, more attention is being centered around the government loan price than to domestic statistics. It is generally conceded that much larger quantities will be tied up under the loan than was the case last year, but in spite of this, wheat receipts at Kansas City from June 12th to July 6th, set an all-time record of 24 million bu compared with the previous record of 16 million bu for the same period in 1937, according to an article which appeared on the broad tape. From information we can gather, both processors and elevators have been able to purchase their current requirements, in spite of the fact that a fair amount of wheat has gone into storage and was not offered on the free market.

(OVER)

Primary receipts today were quite substantial at 4,741,000 bu versus 3,263,000 bu last week, and 4,585,000 bu last year. So far this week Kansas City, Duluth, and Minneapolis stocks show a net increase of 3,923,000 bu. We look for a fair-sized increase in the visible supply on Monday compared with a gain last year of 13,682,000 bu.

Our market at times was firm, but never made much headway on the bull side. Toward mid-session, Winnipeg developed extreme weakness, and this apparently in conjunction with hedges caused some liquidation of long lines here, with July wheat closing 1 1/4¢ per bu lower, while September declined 1 3/8¢ per bu. It is difficult to try to picture anything very bullish at the moment with all the pressure from the spring wheat crop still ahead, and the movement in the central states just starting. On the other hand, the many artificial influences may prevent extreme weakness, but the latter always remains somewhat of an uncertainty. One thing must be kept in mind, and that is that without a normal export demand there will be less wheat headed for gulf ports than in an ordinary year, and very likely receipts which would show up at Galveston or New Orleans in normal times are coming to other terminal markets. This apparently is the reason that carlot arrivals at Kansas City and elsewhere make a fairly good showing compared with 1938, despite the fact that the winter wheat crop is much smaller. Today for instance at Kansas City, there were 1,403 cars of wheat versus 1,633 cars a year ago, while at Wichita, Salina, Hutchinson, Enid, and Fort Worth 1,047 cars were received; the year earlier there had been 1,316 cars.

Corn was influenced somewhat by the decline in wheat, and also because of the continued favorable outlook for the crop. Many people recognize that crib space cannot be built for 6¢ per bu, and that the farmer later on may be reluctant to carry the loan corn another year if the present crop turns out according to indications, suggesting yields in excess of 2 1/2 billion bu.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, July 10, 1939

Subsidies of wheat from the United States and the fear of their continuation have been largely responsible for the very low prices which exist at Liverpool. It is true that the world's carryover is probably the largest on record and about double what it was in 1938; yet, we doubt whether July wheat in England would have sold at 52¢ a bu, had it not been for the fact that the various exporting countries either subsidized shipments, or else had a similar plan whereby one price was paid to the farmer and another price prevailed for the wheat as it was sold to the importers.

We have repeatedly contended that it would be impossible in this country to escape entirely the effects of very low international prices, and apparently, this is the case at present, even though many acres were taken out of production, and greater efforts made to have smaller yields within our borders...There have been periods in the past when great surpluses existed, but at no time were artificial methods resorted to as a means of raising less. As this country grew, new lands were continually opened while acreages were expanded, and not only were we able to take care of the increase in population each year, but we also provided foreign requirements, so that we became a leader in that direction. Sometimes it meant a lower scale of profits, and when prices were very low, the farmer voluntarily reduced his own acreage, but a philosophy of scarcity was never resorted to by the government and we generally had a higher standard of living than any other country, because when agriculture prospered and crops were large, railroads, steamship companies, and handlers all shared in larger business. Since a large part of our wealth springs from the soil, we feel that a permanent reduction in acreage in this country alone is not the best solution to the problem, but rather, that we should devote our energies to increasing foreign markets and trying to recapture the export trade which we have lost..

There was nothing very new in the general wheat situation over the week-end. Total world shipments were 12 1/2 million bu, or much the same as last week, but showing a slight increase over last year. The amount on ocean passage was 48 million bu, which is the largest in some time, and about 10 million greater than it was in 1938. Europe remains content because her own harvests are not far away, and therefore, there is not a great deal of export trade at the moment. All deliveries at Liverpool this morning established new lows again for the season, influenced by the late break Saturday at Winnipeg and general indifference..

According to the newly-formed Agricultural Marketing Service under the Department of Agriculture, continued improvement in North American spring wheat prospects were noted last week, and they claimed that unusually favorable weather made it possible for the crop to make excellent progress.

In looking over the moisture in Minnesota since April 1st, we find that on an average there has been 7.87 inches compared with 9.54 inches, which is normal. In North Dakota, for the same period, rainfall amounted to 7.91 inches, versus 7.37 inches normal. In South Dakota, the comparison was 8.10 inches against 9.09 normal; and for Montana, 6.22 inches this year, compared with a normal of 6.00 inches. Under these circumstances, it is not surprising that optimistic reports are coming from those areas, and owing to the fact that probably a larger amount of rust-resistant seed was planted than heretofore, we might still have a very good return, even with a smaller acreage....

(O V E R)

In the Southwest, the movement of wheat to market still continues heavy. In Kansas City today there were 2,981 cars of wheat, while a year ago, there were only 2,421 cars. At Enid, Hutchinson, Salina, Wichita and Fort Worth, the run was practically as large as in 1938, when the crop was bigger, the actual figures showing 1,631 cars today compared with 1,649 cars at that time. It would not be surprising to see the Southwest run of wheat continue for some time yet, and with very little up to now going to Gulf ports for export, it naturally means a heavier movement for the interior.

The visible supply of wheat showed a big increase, amounting to 14,199,000 bu, with stocks in all positions, 91,661,000 bu, or about 50 million bu greater than last year. The primary movement is still very big and was 8,872,000 bu today, compared with 7,402,000 bu last week, and 7,402,000 bu last year. Chicago stocks showed a gain for the week of 495,000 bu, with a total of about 5 million bu locally held. Up to now, our receipts have not been heavy, but of course, wheat in the surrounding territory has just started to move and we believe it will take another week or ten days before receipts are very large...

Our market continued under pressure influenced by the weakness at Liverpool, and later at Winnipeg. More hedges had to be absorbed and at the moment, there seems to be very little leadership on the bull side of the market. The open interest has increased of late and undoubtedly will become greater as more hedges appear. On the other hand, wheat is about 14¢ a bu under the loan price and those farmers, who are in position to take advantage of the government's liberal terms, will undoubtedly do so, with the result that there will be less wheat on the free market...

At the last, July wheat showed a decline of 1¢ a bu, while September was 1 1/8¢ lower.

Some people are hopeful that under an international wheat agreement, prices may do better, but it occurs to us that there will be great difficulty in getting unity of opinion, or action, among 28 or 30 different nations whose interests vary to such a large extent.

Corn was weaker, and in fact, went into new low ground. Those who made trips over the week-end reported very flattering conditions and growth...We see very little to stimulate buying at this level, even granting that large quantities will be withheld from the market..

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CHICAGO MERCANTILE EX.

CHICAGO July 11, 1939.

The government report as of July 1st was issued yesterday after the close of the market, and indicated a total wheat crop of 716,655,000 bu. The estimate on the winter wheat yield is about in line with figures previously given to the trade. In looking over the records from 1933-38, inclusive, we note that in five of the six years the final estimates were raised on winter wheat from the July 1st figures; there is a possibility that this will again be the case this year, as the government figure for the State of Kansas is approximately 110 million bu, and there are many grain men who still feel that is too low an estimate for that State. The spring wheat figures were more of a surprise, and showed a probable crop of all spring of 178 million bu. While this is the first official estimate of spring yields for the year, the private reports of last week indicated 196 million bu for the spring wheat States, and whether the final production has to be raised remains to be seen. Up to the present writing, the weather conditions remain most favorable throughout the Northwest, although temperatures are now ranging rather high, and the forecast is for a continuation of warm weather during the next few days. However, we are in receipt of a letter from the Northwest stating that a party who made an extensive trip through sections of that country, reports Montana is in fine shape and that the northern half of North Dakota is a garden spot.

The International Institute of Agriculture just released a report forecasting a European crop of 1,640 million bu. This compared with the production last year of 1,841 million bu. While it is below the bumper crop of 1938, the indications are for a larger European crop than the average between the years 1931-37. When it is taken into consideration that the world carryover will be approximately 1,200 million bu against 600 million bu the year before, that Argentine is staggering under a load of a very heavy carryover, and that prospects in Canada are splendid, it will be seen that the outlook for the world price is not very hopeful.

The Liverpool wheat cables closed 1 to 1 1/8¢ higher, due partly to a better demand, and also, to a less bearish United States government report than had been expected. However, the advances at Liverpool are still not very impressive after the recent declines. Their July wheat is selling at only 53¢ a bu, and shows the demoralization through subsidies and other artificial stimuli which have totally disorientated the balance of international trade.

Primary receipts today were 4,279,000 bu against 5,001,000 bu last year; there is no comparison with last week due to a holiday. Receipts in the Southwest are not as heavy; Enid, Fort Worth, Hutchinson, Wichita, and Salina reported 671 cars versus 1,370 cars last year, while Kansas City had 896 cars compared with 1,048 a year ago. Carlots in Chicago were 316 cars. The movement to this market should increase perceptibly during the next 10 days. So far this week stocks at Kansas City and Minneapolis show a net increase of 1,337,000 bu.

Our market at the opening responded to the stronger cables, and prospects of warm weather in the Northwest seemed to attract traders. However, it should be borne in mind that this is usually the time of the year when hot weather is experienced.

The Department of Agriculture announced today the continuance of the wheat-flour export subsidy program, effective this afternoon. This announcement encouraged some traders to assume a more constructive viewpoint. So far no announcement has been forthcoming as to the subsidy on exports of wheat itself, and, of course, at the present differential of price no export business is possible from this country without a subsidy. Best prices of the day were not maintained, and at the close July and September wheat showed an advance of 1/2¢ per bu.

(O V E R)

The government report indicates a corn crop of 2,570 million bu, which compares with the final figures for 1938 of 2,542,238,000 bu, and a ten-year average of 2,309,674,000 bu. In addition to the crop estimate, the figures on farm reserves were also issued and are tremendous, totaling 836,921,000 bu, or 194 million larger than a year ago. The visible supply on Monday showed about 6 1/2 million bu larger than a year ago, so that in the two positions there is approximately 200 million bu more corn than at the same period last year; therefore, in spite of the amount tied up under the loan program, there are still abundant free supplies, and room will soon have to be made for handling of the new crop. So far weather continues very favorable, and practically no complaints are being received from the corn areas.

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CHICAGO MERCANTILE EX.

July 12, 1939.

In studying wheat statistics, one cannot help being constantly impressed with the bearish world situation. Sanford Evans compiles a table showing the apparent wheat consumption in Europe. For the five-year average, 1931-35, itwas 1,952 million bu. For more recent years, the figures are as follows:

1934-35	1,878 million bu
1935-36	1,893 " "
1936-37	1,829 " "

The past year, the total European crop was 1,828 million bu, and imports to Europe, excluding those from the Danube which would, of course, be a duplication, will be in the neighborhood of 380 million bu, giving an apparent European consumption of 2,200 million bu. In making his compilations, Mr. Evans has not taken into account the changes in carryovers, and, of course, this year it is very evident that the carryover in Europe will be quite large.

In a recent publication of the Food Research Institute of Stanford University, it was estimated that the European carryover would be 405 million bu against 219 million bu in 1938, partly due to war reserves which have been built up, and which will probably not be greatly increased, except possibly in the case of an actual outbreak of major hostilities. According to figures mentioned the other day in our letter, the International Institute at Rome, estimates the growing European crop at 1,640 million bu. This does not leave a great margin of exports from overseas countries next year to Europe. If they should run equal to this year: namely, 380 million bu, it would show an apparent consumption in Europe of around 2 billion bu, which is about normal. However, with present prospects in Canada, that country alone could probably spare a quantity equivalent to the requirements, leaving only the ex-European requirements to be supplied by all the other exporting countries, such as the Argentine, Australia, United States, and smaller contributors. Figuring world requirements the same as Broomhall this year, around 580 million bu, of which 380 million bu were supplied to Europe, 80 million shipped by the Danubian countries, it would only leave 120 million bu for the countries mentioned above to ship to ex-Europe, should Canada monopolize the European trade, which, of course, she probably will not do. Therefore, it seems self-evident that full relief cannot be obtained in all exporting countries for their surpluses on crops now under production.

Liverpool wheat cables were again quite weak, losing from 1 to 1 1/2¢ a bu, with July wheat closing at 52¢, touching the lowest price made so far this season. The demand in that country is small, and they are impressed with the crop reports received from Canada, where, according to Sanford Evans, excepting for dryness in the Peace River country, weather conditions in the Prairie Provinces during the past week were most favorable for crop development. Some apprehension has been felt about higher temperatures, but on the other hand, warm weather and clear days have brought wheat into head in almost all districts of Manitoba, southern and central Saskatchewan, and southern and parts of central Alberta. Crops in the latter two provinces have been about a week behind the same period last year, but the present warm weather has materially overcome the time deficit, and the wheat being somewhat forced now will tend to allay fears later on from early frosts.

Fears have also been expressed about the high temperatures in our own Northwestern states, but the indications are for moderating temperatures, and unless there should be any protracted period of heat, the damage probably will be the minimum. The government Weekly Crop Report issued today from Washington, summarizing the past week, stated that in the spring wheat belt weather continued

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favorable for development of small grains, progress of spring wheat was mostly good to excellent, the crop is developing rapidly with many fields ripening as far north as North Dakota, with the plant heading and some beginning to turn in Montana; in southern South Dakota, cutting is progressing and heads are filling better than expected. In the northern portion of that State some grain is being cut green to prevent damage.

Receipts in our Southwest are keeping up. There were 818 cars in Wichita, Hutchinson, Salina, Enid, and Fort Worth versus 837 cars last year, while Kansas City reports 1,106 cars against 1,238 cars a year ago. Elevator space at the latter point is being very rapidly taken. Total Kansas City stocks of all grains in public warehouses are around 32 million bu, with probably another 7 million bu on track waiting to be unloaded. The entire public elevator space in Kansas City amounts to approximately 45 million bu. This does not include the private mill space, but we understand that it is also filling up rapidly.

Primary receipts today totaled 4,392,000 bu versus 6,696,000 bu last week, and 4,642,000 bu last year. So far this week, Minneapolis stocks show a decrease of 55,000 bu, and Kansas City an increase of 2,692,000 bu, giving a net increase for those two points of 2,637,000 bu.

Any friendliness that may have been felt toward our market on account of weather conditions was dissipated shortly after the opening, when the official weather forecast was issued, indicating cooler temperatures for the spring wheat States. The Winnipeg market was under pressure during the entire session, with most of their futures going into new low ground. Our market is lacking totally the support given in previous years when hedges were lifted due to export business being consummated from this country during the movement of the crop.

At the close July wheat declined 3/4¢ per bu, and the September 5/8¢ per bu.

The more favorable weather indications were also reflected in corn, causing that cereal to be under liquidation.

Oats and rye were affected by the weakness in the other cereals.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 13, 1939.

History was made today when all Liverpool futures sold at seasonal lows, and July wheat sold at the lowest price ever recorded in modern times. It was claimed that this was the lowest level since 1592, according to the accepted records of the Chicago Board of Trade Year-Book. In 1931, the price came within a fraction of today's low, and that occurred at the time of the financial crisis; but we are convinced that the extreme weakness at the present time is due to the artificial methods resorted to by various governments in the way of subsidies and other means intended to get wheat out of exporting countries, regardless of secondary consequences. It is interesting to compare the present situation to a year ago, when Liverpool July wheat closed at 96 1/4¢, and at that time Winnipeg July wheat was selling at $1.02 a bu, while tonight it closed at 54¢ a bu.

It was almost a foregone conclusion that we could not escape from such a disaster, and prices here went into new low ground for the present turn, with traders rather discouraged when they further considered that the Canadian movement had not yet started, and later on that might prove to be very depressing, particularly if they should raise a crop ranging from 450 to 500 million bu. It must never be forgotten that a country of possibly 12 million inhabitants does not need over 110 million bu of wheat for domestic consumption, including feed, seed, etc., and, therefore, the bulk of it must go for export; otherwise, it will pile up and depress the domestic markets.

We find it extremely difficult because of artificial influences to give advice to our customers at the moment. After many years experience and application on wheat prices here on the Chicago Board of Trade, we find that on account of new conditions, it will be temporarily very difficult to use the old yardstick for measuring probable wheat values in this country. Anybody who still follows the old line of reasoning as to what future prices should be might get a surprise. Under existing conditions, supply and demand, which always was the chief regulator, cannot be entirely relied upon for probable conclusions. It certainly seems to be advisable to await the results of the loan price to see how much wheat will finally be witheld from the market.

The writer just visited the Southwest in an effort to gauge conditions more accurately, and while a good deal of wheat is going into storage, it does not necessarily mean that a government loan is being taken in all instances. In fact, in our own elevators, we have already purchased some of the wheat which had originally been intended for storage and where we thought that it was definitely under a government loan. Some farmers who are not eligible for the loan may have put their wheat into storage, hoping that they would get a price advance and failing to get it, some may put it on the market again; so, it is extremely difficult to determine just what part of it will finally be available to the trade and to millers.

Receipts are still very large, and at Kansas City today there were 1,184 cars received, while last year with a much larger crop only 1,340 cars came to market. At Enid, Fort Worth, Wichita, Salina, and Hutchinson, we find the arrivals 750 cars versus 881 last year, and this also is not a bad showing, but indicates, in our opinion, that very little up to the present time has been shipped to Gulf ports for export.

There is one thing that we can never forget, and that is, that the wheat which temporarily will be absorbed through loans will still be in existence, and therefore, remains a threat to the market on any sharp advances. Moreover, it is fairly expensive to carry this wheat, including storage, interest, and insurance charges, and whether these items are being paid in this way, or whether they will finally be added to the deferred price, is immaterial, as the cost is there. Consequently, one has to take a long-time view and take these charges

(O V E R)

into account, should there be a widening of carrying charges later on.

Primary receipts were large today, amounting to 4,733,000 bu versus 3,939,000 bu last week, and 5,018,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 3,665,000 bu. Our market was lower most of the session, although tempered at times because of high temperatures in the Northwest, although the forecast is for some moderation in temperatures, and probably by Friday or Saturday more seasonable readings will prevail. We checked with a number of Minneapolis people to find out whether any serious damage had been done to date, in view of the exaggerations that often take place when there is a hot spell, and according to conservative judgment, possibly 10% damage in spots may have occurred, but nobody seems very much alarmed over final results.

There was not much important export business from North America overnight. Black Sea shipments this week were nearly 2 million bu, or over double what they were last year, and included in this was 680,000 bu from Russia. This may be due to the fact that partial rains have helped to check deterioration in some of the worst sections.

At the last, our July wheat showed an advance of 1/8¢ per bu, and the September was up the same.

Corn went into new low ground for the season, influenced largely by the weakness in wheat, and also a forecast for cooler weather in the Central States tonight. It had been feared that if excessive heat were to continue for two or three weeks, damage would result, but so far there have been very few complaints from the more important growing areas.

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CHICAGO MERCANTILE EX.

CHICAGO July 14, 1939.

A professor of economics was once lecturing before a large group of scholars, and because of the fact that his talks were rather dry, several students had fallen asleep. When the professor noted this, he turned the pointer from the charts to which he had been referring, and tapped one of the boys on the forehead, then made this comment: "I know that my talks are rather unintersting and you will probably go to sleep often during this course of lectures, but any time that I awaken you, whether you have heard the question or not, just answer, 'supply and demand' and nine times out of ten you will be right." We mention this because fundamentals generally assert themselves and outweigh artificial influences which, for a time, may divert a market from its true course. We have seen during the past season how corn was influenced for a time by the loan policy, when large quantities were withheld from the market, but in spite of this, new low prices on the crop were established this morning. We have also seen how the silver policy has failed, and reductions have taken place in the purchase of foreign metal from 43¢ to 35¢ an ounce, because when the price was boosted, production shot up rapidly and the real trouble was that it took only a very minor rise to bring this about.

For example, the artificial uplift of the import silver price since 1932 from about 28.1¢ to an average of almost 45¢ (in 1937) has helped to increase the production of silver in that short period by about 90 million ounces per annum. Had we continued to give the silver producers a substantially higher price, they might have swamped the world with silver, and consequently, the law of supply and demand forbids anyone, no matter how powerful he may be, to pay too high a remuneration.

Those who sincerely believe in withholding surpluses from the market, must assume that the American economy is completely isolated from world economy. The fact is, as one economist has pointed out, that in practically all basic commodities dealt in in the United States, the price level is not controlled by American conditions, but by world conditions, and this is particularly true in our country, where the productive capacity is in excess of the purely domestic demand, so that the surplus sold abroad must play an important part in determining the price level.

There was no particular news of consequence over night. Liverpool quotations seemed firm at a depressed level, but sentiment locally has veered somewhat to the bull side of the market, because it is felt that the peak of the movement in the Southwest will soon be over and that as a result, pressure will be lighter. This may be true, and possibly with some crop scares still to be had in our Northwest and in the Canadian spring wheat areas, it would be unwise to try to play the short side after a break of 10 to 15¢ a bu. However, it can not be entirely forgotten that the Argentine surplus is still tremendous with 149 million bu of wheat left in that country, compared with only 31 million bu last year. Should Canada come through with good yields, according to present promise, it will further aggravate the international situation, and, therefore, there is still no encouragement from foreign markets. The Canadian Pacific Railway claims that all of Manitoba's wheat crop and more than half of Alberta's and Saskatchewan's is headed out, and that the extremely high temperatures which prevailed throughout Canada's west have failed to reduce the high average of quality, except at a few points.

Primary receipts today were large at 4,731,000 bu, or practically the same as last week, while last year they amounted to 5,139,000 bu. Stocks at Kansas City, Duluth and Minneapolis so far this week show a net increase of 4,798,000 bu, which again suggests a big gain in the visible supply on Monday. Last year the increase was enormous, amounting to 21,801,000 bu. We believe that with the movement of wheat starting in the Central States, that storage facilities

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will soon be filled in most localities. While the pressure from Illinois, Indiana, and Ohio wheat may not be as great as in ordinary years, because of a large percentage going under the loan, nevertheless it does not suggest anything very bullish for the time being, as there is still sufficient free wheat for all purposes. Later on it may be a different story.

The market, however, showed substantial rallying power from the day's lowest point; July wheat closed 5/8¢ per bu higher, while September was up 1/2¢ per bu.

Corn and oats were very depressed at times, but recoveries took place, probably in sympathy with wheat, and possibly also because of an over-sold pit condition in each market respectively. On the whole, crop reports on corn remain very favorable, although rains will probably be wanted before long.

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CHICAGO MERCANTILE EX.

CHICAGO July 17, 1939.

It is rather discouraging to see new low prices established at Liverpool with intermittent regularity, and today, July wheat in that market went to a new low for all time; in other words, since records have been kept. There was no particular feature responsible for such bearish activity, although the many factors which have brought about the present decline are still with us, and importers are prepared for probably the largest world carryover on record. On the other hand, it is generally acknowledged that the European wheat crop will be about 200 million bu below the unusually large one harvested last year. As a partial offset to the latter, North Africa has a crop materially larger than last season, although in Russia, conditions are still very uncertain. In our opinion, there may still be some exports from South Russia this coming year, even with the adverse conditions that were experienced in the Volga region, but the latter country has never been restored to her former important position since the World War. Since last August, for instance, less than 37 million bu of wheat have been exported, while for the full period a year earlier, 43 million bu were shipped.

European weekly statistics were about as expected, with world shipments 11,408,000 bu, which was somewhat smaller than the amount put afloat last week-- 13 million bu-- but compared with only 7,209,000 bu last year. The amount on ocean passage decreased about 3 million bu during the week, and was 45 million bu, but is quite large for this season of the year. Broomhall claims that looking ahead it is rather difficult to make early forecasts as to import requirements for the coming season, owing to the fact that there is so much artificial control by various governments. He concludes that because of low prices there will probably be as much taken as during the past season, even without further large accumulations for security stocks. Should this prove correct, it would be very easy to satisfy importers' needs. First of all, there is nearly 150 million bu of wheat left from the old crop in the Argentine, with possibly 40 million bu still remaining in Australia; therefore, it would only take an additional 400 million bu to make up the balance, and if the Canadian crop comes through according to present promise, it might be possible for that country to furnish the remaining amount, thus leaving nothing for any of the other countries. For this reason, good yields in Canada might still depress international markets further. The spring wheat prospects in the Prairie Provinces continue very favorable, with warm, bright weather last week hastening growth and proving ideal following the good start obtained in June. A considerable part of the crop was heading out with no extensive damage reported.

The primary movement today was considerably smaller than last week, reflecting the drop in the southwest movement. However, the comparison with last year was not so bad, as Wichita, Hutchinson, Salina, Enid, and Fort Worth had 937 cars today versus 904 a year ago. However, at Kansas City the run was about half as great as in 1938, with 913 cars received today. It is time now that Chicago receipts should pick up, and today there were about 1,000 cars received, but whether there will be so much pressure from the movement of wheat from the Central States remains a question, as a good many operators claim that farmers are taking storage tickets. Under these circumstances, we may have a rather narrow market for some time to come. It is becoming more difficult to anticipate sharp declines, with July wheat at around the 65-cent level, but yet sharp advances do not seem to be indicated unless there is some improvement in foreign markets. Later on subsidies may have more of an influence, and at times when hedges are taken out of the market against this export business, there may be a sustaining influence to the price level. Therefore, Chicago may widen its premium over both Winnipeg and Liverpool.

(OVER)

It was hoped for the 1938-39 crop that approximately 55 million acres would be planted, which would have been a reduction of about 25 million acres from the season earlier, but with a number of independent farmers, the full reduction was never realized, and we presume that even though the goal is 62 million acres for next year actually more than that quantity of wheat will be sown. So with an average outlook we might still raise more than enough for home consumption a year from now. Therefore, we are not making very great headway in reducing accumulations, while other exporting countries have refused to cooperate with us. There have been various conferences, but most of them were dismal failures, and some of the countries which participated would not keep their promises when they found that it would be to their advantage not to do so. The morale in international matters is such that it is rather difficult to accomplish much, and the desire of practically every country is to work out its own salvation in its own way. Consequently, we do not look for much help from others.

The visible supply increased slightly more than 19 million bu, with total stocks in all positions 110,727,000 bu. This is 47 million bu more than was on hand a year ago. In 1938 the peak of supplies was not reached until October 22nd, when we had 126 1/2 million bu, and we believe that even with a smaller crop this year, we shall be able to reach that level before so very long. Chicago stocks showed a gain of 2 million bu, and there is a total of 6,863,000 bu in this market.

The trade on the whole was rather light; weakness at Liverpool and Winnipeg at times caused some liquidation, but pressure was not great. At the last, July wheat declined 1/8¢ per bu, while the September future was 1/4¢ lower.

Corn was also weak at times, and observers report good crop prospects. Supplies on farms are still enormous, and we may hear more about those later on. For the 12 north central states and Kentucky as a group, over 43 per cent, or about 24 million acres, were planted with hybrid seed compared with 30 per cent, or less than 17 million acres, in 1938, according to the U. S. Agricultural Marketing Service. This very likely explains why such good results are expected even with a much smaller acreage.

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CHICAGO MERCANTILE EX.

CHICAGO July 18, 1939.

The Liverpool market is really the pulse of European trade. While activity at times is not large, changes in that market are relatively important because they reflect either a good or a poor demand in Europe. We apologize for again alluding to new low prices that were established at Liverpool, with July wheat selling at an all-time low again this morning, and on basis of sterling exchange at $4.68, July wheat in American money sold for less than 50¢ a bu. When it is considered that the various costs from exporting countries amount to probably 15¢ a bu as a minimum, it shows that the real price of wheat would be very low to the farmers, were it not for the fact that governments are helping to cushion the loss. These artificial influences, while appearing to give temporary relief, throw the entire world's price structure out of gear, and make it more difficult to go back to old established principles; and in the meantime, also make speculative commitments rather uncertain. In our regular economic life, price has always been one of the most important elements, and in the words of Senator Crawford, of Michigan, "Price is the people's ballot box, perhaps the only true democracy today. It will tolerate no despot, no autocrat. Price should tell the farmer whether he ought to produce more wheat or cotton, or curtail his production. Price tells the consumer whether he can or should buy."

It is rather interesting to review a report published in 1922 under the sponsorship of the U. S. Department of Agriculture, in connection with government price fixing. This document, surveying the history of the inevitable failures of these programs undertaken in the early beginnings of our own country, and in Great Britain, France, Belgium, Italy, Greece, Egypt, India, and China concluded that "the only result of resort to such artificial control means had been the exchanging of one set of ills for another." In the past, when prices were very low, farm lands were neglected and thousands of acres taken out of production. So long as governments are lending encouragement to producers with minimum prices, as is the case in Canada and Argentina, we see very little chance of having a smaller world production, except in years of a drought or crop failure. We have felt for some time, and have so expressed ourselves, that a very low international price would be bearish on Chicago futures, and certainly this has been borne out by fact up to this writing. Just to what extent artificial influences in this country will keep us above the world level is difficult to forecast, as no accurate figures have been given to the trade as to the probable amount of wheat that will be tied up under government loan, nor has there been anything definite given out concerning possible export subsidies for the coming season. We regard it as almost an assured fact that another attempt will be made to ship fair quantities of wheat to Europe, even at a sacrifice to the treasury. But, it may not prove to be as easy a task as last year, if Canada comes through with a very large crop. Furthermore, a good deal of the high-quality wheat in the Southwest, instead of moving to Gulf ports early, has gone to the interior; therefore, it would take a higher premium to get it back to ports of shipment.

One would naturally first think of England, as she imports about 40% of the wheat exported from all countries. Last year that proved to be our best market, but we assume that with certain objections having been raised by her own colonies, such as Australia and Canada, large-sized deals from the United States may be frowned upon, as the greater the subsidy, the more it disrupts price structure in competitive countries. We are leaving out of the picture two European countries with large populations; namely, Germany and Italy, as they remain of doubtful credit character, judging from past experience, and would not be tempting risks. France, even with a smaller crop this year will probably not import much, while the requirements of the smaller European countries do not cut much of a figure.

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Receipts in the Southwest are definitely smaller, although at Wichita, Salina, Hutchinson, Enid, and Fort Worth there were 389 cars today compared with 286 cars last year. At Kansas City the showing was poorer, with arrivals indicating 328 cars, while last year that market received 457 cars. In any event, the wheat movement must be increasing in the Central States, because all told primaries were 4,053,000 bu, which was almost as large as last week, when they amounte to 4,279,000 bu, and actually larger than a year ago when they were 3,308,000 bu. So far this week, Kansas City and Minneapolis stocks show a net increase of 1,020,000 bu.

Our market was easier at the start because of weakness at Liverpool, and new lows also in Winnipeg, but a higher stock market brought in a better class of buying, with the result that July wheat at the close was 5/8¢ per bu higher than the previous session, while September wheat advanced 1/2¢ per bu. There was really very little heard from the Northwest, although recent rains and moderate temperatures have meant very satisfactory progress for the crop, and no important changes were shown in the Minneapolis markets, also confirming this belief.

Trade in corn was rather light, and we find that the volume yesterday including all changing orders was less than 5 million bu. There are no very decided views at the moment, with crop progress still claimed to be satisfactory over the important areas, but new pressure is also light; therefore, fluctuations are within narrow limits. However, the deferred months were firm at times, largely in sympathy with better wheat prices.

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CHICAGO MERCANTILE EX.

CHICAGO July 19, 1939

There are always a good many bargain seekers and when an article sells below cost of production, investors often become interested in a commodity, with the hope that any return to normal will repay them for their foresightedness..Whether this is going on at Liverpool at the present time, we do not know, but surely nobody would sell wheat short in that market with any degree of confidence when the price is around the 50¢ level, and therefore, the improvement this morning was not surprising, closing quotations advancing about 1/2-5/8¢ a bu. The actual demand, however, remained very slow, and probably the main stimulus was a Canadian telegraphic report which claimed less favorable weather in Canada, with rains needed rather generally. It appears at this writing as though weather in that country would bear close watching, and of course, any important changes in the crop prospects would naturally be reflected in wheat quotations all over the world..There is a chance for some scattered showers in Manitoba during the next 24 hours, but not much elsewhere. In any event, the outlook is still optimistic for big yields, and in our opinion, it will take considerable deterioration to be of real market importance.

During the past eight years, Canada has raised an average crop in the West of 275 million bu, and prospects are ever so much better than that, particularly with the good rains that were received earlier in the season. According to the Saskatchewan Wheat Pool's crop report, there was a drop of three points in condition during the week, the present figure being 123% of normal, but the point is stressed that moisture is needed immediately in a number of areas to maintain present condition. High temperatures have dried up surface moisture which caused slight damage up to this time. Alberta prospects remain very favorable, but with the rapid growth of the plant, moisture reserves have been heavily drawn upon, and the week-end rains were apparently insufficient.

Our market was influenced early by this news, but as the quotations at Winnipeg were quite indifferent, only a moderate amount of buying orders could be mustered. It seems that during the recent decline from about 80¢ a bu, traders who were committed to the long side have become more or less discouraged and a good many will probably not re-enter the market until there are special inducements. Some point to the fact that primary receipts will be smaller from now on and this is very true, but of course, it happens that way every year. At that, today's receipts were 3,575,000 bu, compared with 4,392,000 bu last week, and only 2,699,000 bu a year ago. So, even with a smaller crop, the movement is keeping up very well and elevators are gradually filling up their space. While no two years are exactly alike, we think we should call attention to the action of the market last year, when September wheat on this day sold at 70 1/2¢, and during the following three weeks it declined 10¢ a bu, even with the primary receipts getting smaller. Probably the reason for it was the fact that the wheat was rather slow in moving out, and the same is more or less true now, as primary shipments were only about 1 1/2 million bu, and probably a great deal of this was the shifting of stocks from one market to another..

A factor that must be borne in mind is that the export business this coming season may be handled differently from the method pursued last year. Hedges were continually taken out of the market, as the government purchased wheat from the trade, but according to their own statement, it seems probable that for the time being at least, some of the wheat that was tied up under last year's loan will be gradually turned over to the FSCC to be exported, and if this proves to be the case, then it will not require any buying of hedges, but simply the transfer of stocks from a domestic to an export position; therefore, it should have little effect upon the market, except that it will finally mean a smaller carryover a year from now..

(OVER)

Generally speaking, weather in our Northwest was fairly favorable. There were a few light showers in South Dakota, but temperatures were not particularly high, and according to the government weekly crop report, some spring wheat is in shock already in North Dakota and harvest has been completed in the southeastern section of South Dakota..Trade on the whole was light and the early bulge was not maintained. At the last, July wheat showed a decline of 1/4¢ a bu, while September was down the same..

So far this week, Kansas City and Minneapolis stocks show a net increase of 1,617,000 bu, and very likely there will be a moderate-sized increase in the visible again on Monday. We see nothing at the moment to cause wide swings in either direction, but believe the outcome of the Canadian crop will remain the most important factor for the time being..

Corn was influenced by fine weather and optimistic reports from the growing areas. New seasonal lows were established. Congress has given its consent to a proposal which apparently provides Secretary of Agriculture Wallace with an escape from the necessity of calling for a referendum on marketing quotas for the 1939 crop..Three provisions are noteworthy: First, a postponement from August 15th to September 15th is permitted by the Secretary to determine whether or not a marketing quota for corn is necessary; second, a postponement from September 10th to October 10th, the date on which he must announce the results of a corn referendum; and third, that any producer who complies with the AAA program can sell all of the corn which he produces, thereby limiting the imposition of the quota only to those producers who do not comply with this program. As we understand it, this latter section applies to wheat producers as well, and gives tremendous powers to one man..

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CHICAGO MERCANTILE EX.

CHICAGO July 20, 1939.

Liverpool markets were very depressed again this morning; July wheat went to the lowest figure in history, and at the close was quoted at 49¢ a bu. Broomhall attributed this severe decline to the British policy of buying up security stocks, also mentioned Argentine pressure, but, after all, there must be something beyond that to create an apparently hopeless situation. We have claimed right along that subsidies and governmental selling by various countries at whatever price could be obtained certainly were not helpful to the Liverpool market, and think a close analysis will reveal that these tactics are shattering whatever confidence had existed.

At this point it is interesting to see what European production has been for the last eight years:

1931 -	1,437 million bu
1932 -	1,490
1933 -	1,745
1934 -	1,548
1935 -	1,575
1936 -	1,481
1937 -	1,554
1938 -	1,845

According to the figures given out by the International Institute at Rome, the growing European crop may amount to 1,640 million bu. This would be a reduction of 189 million bu from last season, but the carryover stocks in Europe are estimated to be 186 million bu larger than they were in 1938. Therefore, the combined crop and carryover will be about as great this year as it was last, and supplies for all purposes should be ample. The fear, of course, is also expressed that with the huge crop likely to be raised in Canada, the government up there may offer wheat very freely within the next few weeks.

There has been some talk that rains would be needed in Canada rather generally, and this morning's map is optimistic in that direction. However, we doubt whether any appreciable damage has been done, because since April 1st to July 19th, precipitation in the three provinces has been very good, and we give below some figures with comparisons with last year, 1928, and normal:

	1939	1938	1928	Normal
Manitoba	7.86	6.29	8.07	7.26
Saskatchewan	7.50	6.55	5.24	6.54
Alberta	8.11	6.95	6.04	7.39

The reason we mention the year 1928 is because that was the banner one for Canada, when tremendous yields were harvested, and this year's comparison is very favorable with that one, with the possible exception of Manitoba, which is the smallest province . Therefore, the outlook must still be considered as splendid, particularly if the moisture develops that is being forecast.

There was some talk of export business from the United States, but we could not confirm it. It is probably true that some of the larger exporters have sold a few loads, but no volume of importance seems to have developed, and we doubt whether anyone is anxious to do anything on a big scale until the subsidy is fixed.

Based on the last official crop estimate of 716 million bu, and assuming a carryover of 265 million bu on July 1st, we figure that the United States could export 156 million bu, and still have a carryover of 125 million bu on July 1, 1940. Actual overseas shipments of wheat and flour since the first of the month, or when our new season started, have amounted to 2,338,000 bu. World shipments this coming

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week will probably be somewhat smaller. Estimated Argentine shipments are 2,388,000 bu, while from the Black sea 736,000 bu were put afloat. In any event, Broomhall's estimate of 580 million bu will be somewhat exceeded on August 1st, as to-date clearances have been 2 million bu excess of that quantity, with two more weeks to go.

There was very little crop news from our Northwest, although generally speaking, the picture has not changed much in the lastfew days. Temperatures have been mostly moderate, and some moisture has occurred, with more likely.

It is costing the various governments a fortune to try to hold prices artificially. In Canada, a loan of about $100 million is being considered within the next three months to finance crop losses--probably half of it for losses already sustained, and the balance for the future. In Argentina, both wheat and corn offerings are at the year's lowest levels, and with steady declines, the Argentine's government current operations in the wheat market will undoubtedly be a severe drain upon its resources, according to advices received from the American Consulate General at Buenos Aires. While we can probably afford it in this country, we are wondering how long the smaller nation will be able to keep up a front.

Primary receipts today were 3,189,000 bu, which is quite a bit smaller than last week when they amounted to 4,733,000 bu, but a year ago they were only 2,499,000 bu. So far this week Kansas City and Minneapolis stocks show a net increase of 2,156,000 bu.

During the session new lows were established for both Septembe and December wheat, and at the close July wheat showed a decline of 2 1/4¢ per bu, while the September future was down the same. With the movement in the spring wheat territory still to come anybody having a long position may be required to have further patience.

Corn was very weak and went into new low grouhd. The trade was generally discouraged, and with the fine crop outlook and big reserves back on the farms, we are afraid that still lower prices will be witnessed.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 21, 1939.

Based on the action of North American markets yesterday, it was thought likely that Liverpool quotations would go into new low ground this morning, and this actually did occur at their opening, when prices were about 7/8¢ a bu lower, but a sharp rally followed immediately on a report that America would abandon attempts to sell wheat in Europe on a subsidy basis. Apparently this is incorrect, although the denial from Washington was not announced until after the close at Liverpool, when it was stated that shipments of wheat and flour under the agricultural program are lagging a bit at present, but that they are expected to pick up in a few weeks. Possibly the delay is due to the International Wheat Conference at London, where the Big Four wheat exporting countries have been negotiating to try to reach a basis of agreement for discussion. Very little has developed thus far in favor of the United States, as Canada seems to want the largest share in the export field, Argentina and Australia claiming priority over us, and unless the others are willing to make much greater concessions, we doubt whether this conference will be any more successful in the results accomplished than previous ones. In the meantime, Germany and Italy are continuing negotiations for barter agreements, and as we have always endeavored to sell our grain for cash, there is little likelihood of exporting to those countries during the coming season.

It was rather encouraging to learn this morning that the Tokyo Stock Exchange had had a big rise. The reason we say this is because the Far East has been an important factor in wheat purchases during the past season. With only two weeks to go until August 1st, we find that ex-European countries have taken 141 million bu of wheat of the total world imports, or 43 million bu more than the previous season. This was undoubtedly due to the poor rice crop; also, the cheapness of wheat in world markets, and the fact that Japan and China required larger supplies because of hostile entanglements. Nevertheless, it was a tremendous help to Australia, as for weeks she was able to ship large quantities to the Orient. During the last few weeks, Chinese national currency was tumbling, and the Japanese-sponsored currency also went tobogganing equally rapidly. North China's federal reserve notes hit their lowest level on record yesterday, standing only slightly over one-fourth of the official valuation. The yen had been approaching the status of the German mark and travelers had to have government permission to bring more than 200 yen into Japan. Residents in Japan (both Japanese and foreigners) who wished to travel abroad were only allowed 500 yen for expenses. Improvement in conditions, as was suggested by a buying wave that swept the Tokyo Exchange, following reports of agreements on the Tientsin issue, would be helpful, and coming at this time, is rather encouraging.

We called attention yesterday to the poorer crop prospects in Europe than last year, and in the Danubian countries, including Hungary, Bulgaria, Rumania, and Jugo-Slavia, prospects are for a combined crop of 422 million bu compared with 471 million bu in 1938. As a partial offset here, we find that Algeria will probably raise 10 million bu more; Tunis, 5 million bu; and Morocco indicates a crop 10 million bu larger than a year ago, or a total in these three positions of 25 million bu, with the wheat probably available for European consumption.

Only scattered business was reported in North American exports, a few Manitobas from Montreal to the U.K., but despite sharp declines, practically no U. S. hard winters.

Politically there is greater calm in Europe, and Anglo-Polish negotiations seem to be making considerable progress in spite of some reports to the contrary.

(OVER)

Primary receipts today were much the same as last year--2,693,000 bu versus 2,701,000 bu at that time. However, they are considerably smaller than last week when they amounted to 4,131,000 bu. So far this week, Kansas City, Minneapolis, and Duluth stocks show a net increase of nearly 3 million bu. We expect a fair gain in the visible supply on Monday, but nothing like last year when the increase was 18 million bu.

There was very little feature to our market. There are still a good many uncertainties; while temperatures in the Northwest yesterday were quite severe in a number of places, thermometer readings were much better this morning; also the forecast, which suggested relief; probably some rains in Minnesota, which would be welcome. In Canada, showers and much cooler weather are expected tonight and Saturday, which is about perfect.

Outside of sharp price declines, there is really no change in the general situation. Argentina still has about 147 million bu of wheat left for export compared with only 30 million bu last year, and should Canada have a crop, competition between those two countries is apt to be severe. At the last July wheat showed a decline of 1/4¢ per bu, with considerable liquidation. Longs apparently were content to change over to the more distant futures, while hedgers seemed to do the reverse. September wheat was 1/4¢ per bu lower.

Corn went into new low ground; the crop outlook continues splendid, and with storage space filling up with wheat there may be some problems later on. We look for wider carrying charges.

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CHICAGO MERCANTILE EX.

CHICAGO July 24, 1939.

Starting with the premise that prosperity springs from the soil, it is essential that producers over a period of time should get good average prices in order that their buying power is maintained. When we formerly figured the farmers' income, we always considered that first a part of his living expenses were deducted; in other words, foods that were needed at home for himself and family were not sold, but this was first subtracted and the net proceeds of everything that went to market constituted his income. On that basis results were better in some years than in others, but at least it was a reasonable measure of calculating the farm prosperity.

At the present time, we have had large cuts in acreage, and the farmer has been getting a tremendous supplement from the government in order to compensate for lower prices. This may be wise to tide him over in periods of depression, and at the moment these governmental bounties make the farmers' income fairly secure, in addition to what he obtains for his produce; but it is not the same prosperity to which this country is accustomed. If we consider for a moment Sweden, having a population of about 6 millions, and an area three times the size of England and Wales combined, we recognize that there have been periods when the industrial population has willingly contributed to help the farmer, especially when the standard of living in the countryside was much lower than in the towns. This action was not deemed a permanent manifestation, as it was also believed that over long periods the national budget had to be balanced, and while in years of depression there was an under-balance, in years of boom there was an over-balance; and this economic procedure has attracted world-wide attention.

In most countries, price-fixing, subsidies, or direct guaranties have been very costly, and in fact, we have learned that in our own country the expenses of the Agricultural Department have climbed for many years, as have also various other bureaus, with the result that on June 30th of this year we completed the ninth successive year of deficits. This was formerly regarded as unwholesome if carried on for any length of time, although recently deficit-spending has become more popular, and there seems to be no influential opposition to big outlays; in fact, the present agricultural appropriation is much larger than the one called for by the original budget. Even this could be overlooked to some extent if agricultural prices had been greatly helped, but with new lows again for all wheat futures today, it seems that the old law of supply and demand still ranks high compared with other influences.

The routine news was mentioned in market gossip but had no real effect. World's grain shipments were 8,799,000 bu, which was the smallest in some time, and compares with 11 1/2 million the previous week, and almost the same last year. The amount on ocean passage is down to 39 million bu, a reduction of 6 million bu for the week, and is very little in excess of the amount afloat last year. However, Europe seems calm, figuring that soon new crop offerings from Canada will increase. The export demand for North American grain was generally light, with some sales of Manitobas, but we heard of no U. S. winters having been sold.

There was an item on the broadtape that with all available wheat storage in Britain filled, England was undertaking the establishment of a substantial wheat reserve in Canada, apparently as a war emergency, If this is the case it will probably be bearish in the long run, because whenever wheat is overhanging the market and the trade knows that finally it will be disposed of, it has that effect. Apparently, however, Britain is determined to purchase a greater proportion of grain from her own colonies than was the case last season.

(OVER)

When the visible supply figures were posted, they showed a larger gain than last year. This was somewhat unexpected based on the primary movement, but today's increase of 18,788,000 bu makes total stocks in various positions 129 1/2 million bu. This is larger than the peak of supplies at any time during 1938, and probably added somewhat to the bearish and discouraged feeling which prevailed here today. At this writing, the visible supply exceeds last year's by more than 48 million bu. Today's primary run was only 2,730,000 bu compared with 5,671,000 bu last week, and 5,301,000 bu last year. Shipments today were very small. Chicago stocks increased nearly 4 million bu during the week, and there is now 10,831,000 bu in this market.

At the last September wheat, under liquidating pressure, showed a decline of 3¢ per bu; the December future maintained its carrying charge over the earlier month; and declined in about like proportion.

Corn was weak, and new seasonal lows were established. The visible supply showed a shrinkage of about 1 1/2 million bu, but the trade ignored statistics and still believes that there will be a large crop and tremendous reserves back on farms.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 25, 1939.

The Bureau of Agricultural Economics has estimated that world wheat supplies on July 1st were 120 million bu larger than the record high that was established in 1938. World wheat production in 1939, which does not take into account either Russia or China, will give us yields approximately 480 million bu less than last season's record crops, but this is offset by an estimated increase of nearly 600 million bu in the world carryover reserves. The significant decreases in the crop are primarily in the United States and Europe, which are offset to some extent by the larger yields that are now in prospect for Canada, although revisions may be required at a later date, depending upon the final outcome. With a picture such as this, many people have been inquiring as to what price might be reached before the bearish features are fully discounted. It might be somewhat simpler to answer these queries were it not for the fact that many of the largest governments are participating in the market, in one way or another, and so very often, sincere as these efforts may be, they do not always bring about the desired results.

This morning, for instance, there was a report that Great Britain was contemplating the purchase of 50 million bu of Canadian wheat which would be stored in Canada for reserve purposes. This tended to firm Liverpool futures, after a somewhat hesitant opening. The effects were not felt immediately at Winnipeg, and possibly the reason was that the Canadians themselves appreciate that if such a large quantity of storage space were used by the government, it might make it more complicated to handle the remaining surplus. Furthermore, there is never any assurance that these emergency reserves will be forever withheld from the market. Should a more peaceful outlook develop in Europe, we can foresee how these accumulations might be disposed of, and the trade is fearful that this might occur at some unexpected time. Whether or not Britain has actually decided upon this move, is difficult to tell from here, as there have been some contradictions and various grain dealers at Liverpool were skeptical as to the truth of the report as issued, because they feel increasing government activity is stifling routine business and is, therefore, not favorably regarded. One item by Reuter claimed that the Food Defense Plan Department knew nothing about this contemplated purchase, and, therefore, we shall have to await further advices.

In any event, higher quotations at Liverpool, where a lower market had been expected, tended to restore confidence in this market, and buyers, who had been so very scarce yesterday, appeared, even though our opening was at an advance of about 1¢ a bu. There was also a better flour business overnight, and apparently the low level of prices recorded yesterday, with September wheat at nearly the 60¢ level, was instrumental in improving conditions within the trade.

As we try to analyze future events, we still believe much will depend upon the outcome of the Canadian crop. We have learned to disregard a good many of the artificial influences, believing that fundamentals must be observed in the long run. The factors which have brought about the decline are still at hand; therefore, if there are advances, they will probably occur slowly, and only after greater confidence is restored. Probably the one influence which cannot be overlooked entirely is that domestic prices may remain comparatively strong, if the export subsidy program is pursued, as was the case last year, and if a large quantity of spring wheat comes under the loan, which seems likely at this writing.

Receipts generally were small, and the primary movement today was only 1,974,000 bu compared with 4,053,000 bu last week, and 2,761,000 bu last year. Kansas City and Minneapolis stocks so far this week increased 680,000 bu. The visible supply from now on will make much slower gains.

There was no particular feature to our market, except with the improved milling and export demand, a generally better sentiment was witnessed, and at the last September wheat showed a gain of 3/4¢ per bu, with December wheat 5/8¢ per bu higher.

Corn developed firmness early in the session in sympathy with wheat, but later on became independently weak, with crop prospects still most satisfactory, and near the close new low levels for the season were established.

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CHICAGO MERCANTILE EX.

CHICAGO July 26, 1939.

In studying new world economics and their effect on wheat prices, it is interesting to review what took place in periods when the old law of supply and demand dominated markets. The last time the world carryover was comparable with the present situation was from the years 1932-34, during which time it ran from a billion to 1,199 million bu in 1934. Those huge carryovers were caused by a series of large world crops starting in 1928, when exclusive of Russia and China, the production totaled 3,996 million bu. However, at the peak, corrective measures were already at work. The carryover in the United States had declined over 100 million bu to a total of 274 million bu in 1934, or somewhat similar to the present season. The drought cycle was on in this country. In 1933, we had a crop of 551 million bu, or considerably less than domestic requirements. This was followed in 1934 with a production of 526 million bu, and in the two succeeding years, our crops averaged about 626 million bu, during which time we actually imported wheat from Canada. The Canadian production was also on the decline, and in July,1937, the world carryover had gone down to 522 million bu. During these years there was a recovery in prices in this country from the lows established in November, 1932, as natural corrections took place.

Today, the world is again facing a tremendous carryover, with no particular corrective measures, such as the drought cycle, in sight. The United States is the only country that has taken definite steps to regulate acreage, and on the present-day world acreage, it would take a major disaster in one of the important producing countries to keep crops within consumptive requirements. Many efforts have been made by artificial attempts: namely, subsidies and bounties, to alleviate conditions in individual countries, but to date these have only led to a more or less demoralized world condition, as subsidies always reflect fundamental weaknesses. In this country, it was thought that through monetary policies, prices of farm products could be kept on a more even keel, and that the valleys and heights of the price curve could be straightened out. Despite any such action, recently wheat has been sold to exporters on basis of 37 to 39¢ at Galveston. This would indicate a subsidy around 35¢ per bu. As there has been no announcement as yet on part of our Agricultural Department regarding subsidies, we presume that this applied to some loan wheat taken over from the Commodity Credit Corporation.

Liverpool wheat cables closed 1/4 to 1¢ per bu lower, with the more deferred futures the weakest. Broomhall reports a pause in actual demand for wheat, but this was partly offset by advices from Canada of crop damage during the past week from drought and heat. Weather developments in the Canadian provinces will be watched very closely, as rains in most sections would be very welcome, particularly in Saskatchewan and Alberta. The normal moisture from June 30th to July 27th is as follows: Manitoba, about 1.97 inches; Saskatchewan, 1.94 inches; Alberta, 1.91 inches. This is a period of approximately a month. During the first three weeks of July, Manitoba averaged 1.95 inches; Saskatchewan, .67; and Alberta, .84 inches. The official weather indicates a possibility of scattered showers in Manitoba and Saskatchewan, but nothing for Alberta. The Krick long-time weather forecast, which quite a number of people heed, indicates that for Western Canada there will be scattered shower activity which will move eastward, but most significant in the Prairie Provinces in the latter half of the week, with temperatures ranging from 70s in the northern part to the 80s in the southern. There is no doubt that prospects in Canada have receded somewhat from the very high mark of a few weeks ago, but timely rains could still assure the provinces of a very ample crop.

(OVER)

From our own Northwest we also hear that high temperatures have taken some toll of the crop. The official government weekly report comments that harvesting operations are progressing practically uninterrupted, but that rain is needed in portions of Montana, and that in South Dakota hot, dry winds were unfavorable, with slow deterioration. Redeipts in the Southwest have slowed up perceptibly, which was reflected in the primary receipts, the total being 1,541,000 bu compared with 3,575,000 bu last week, and 2,603,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 491,000 bu.

After the close of the market yesterday, official figures of stocks of old wheat in interior mills and elevators as of July 1st were issued by the government, the total being 38,291,000 bu, or approximately 7 million bu larger than a year ago. We now have the amount on farms, commercial visible of old wheat, and the interior mills and elevators. This still leaves the amount in large mills to be given to complete the picture of our carryover as of July 1st, but from present indications, it looks as though the government's earlier estimates of the carryover will be just about confirmed.

At the opening our market responded to buying on part of mills, apparently against flour sales, and sustained by the early strength in Winnipeg advances were maintained throughout the session, September wheat closing 1 3/4¢ per bu higher. The final outcome of the crop in Canada will determine the price level until more is known later of prospects in the Southern Hamisphere.

Corn was stronger, affected by wheat. Oats and rye also showed the better feeling that prevailed.

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CHICAGO July 27, 1939

Since the close of the market last Monday, there has been an improved sentiment in grain markets generally. It was recognized that the visible supply gains henceforth would be on a much smaller scale, and that, therefore, new pressure, while not subsiding entirely, would probably have less market effect than up to the present time. Moreover, when September wheat reached the 60¢ level, flour business improved perceptibly and apparently, the large bakers showed more willingness to take on supplies for the future, and this was rather constructive, as large purchases which had taken place meant the removal of hedges from the pit. European markets, while not strong, have shown more resistance to selling, and apparently, neither Argentine nor Canadian offers have further depressed them to any great extent; in other words, buying has kept full pace with selling, and this morning there were advances of 3/4 to 1 1/4¢ a bu, with July wheat closing at 49 3/8¢. However, there is still a very heavy carrying charge for the later months as March wheat is quoted 8 1/4¢ a bu higher.

The writer just returned from Minneapolis, and during his visit gained the impression that a much higher percentage of wheat will be tied up under the government loan than was the case in winter wheat sections. There are two reasons for this: First, the number of farmers in the spring wheat district who complied with the government program is greater than in other sections of the country; and secondly, the price has declined probably 10 to 15¢ a bu since the winter wheat movement started, so that it is a temptation for Northwestern farmers to take advantage of these loans, provided they are in position to do so. At Minneapolis the loan price is 87¢ a bu, and with the market so far beneath that level, anyone who can borrow on his grain instead of selling it will surely do so. This being the case, many feel that possibly 75 per cent of the crop will be impounded, and, therefore, this wheat will not press upon the market. Others are talking of even a larger percentage, but one hears more often of the compliance than the non-compliance farmers. We feel that just as was the case in the Southwest, there is probably a little more wheat offered for sale than dealers estimate.

Weather conditions in the Northwest have very likely forced some of the wheat to early maturity and cutting seems quite general as far north as Central North Dakota. To what extent excessive temperatures have caused damage is still problematic, but the crop in any event will probably not be quite as large as some of the earlier, more optimistic estimates.

In Canada, there has also been some deterioration, but there is more time in that country before maturity; therefore, weather conditions during the next two weeks will still be effective. Present prospects are more promising than a year ago, and according to the Searle report, there has been a slight decline from last week and the moisture condition for the three provinces as a unit is 110 per cent of normal, compared with 111 per cent a week ago, and 88 per cent a year ago. The condition of the crops for the various provinces is as follows:

	This Week	Last Week	Last Year
Alberta	103%	105%	90%
Saskatchewan	119	121	81
Manitoba	87	86	84

So all in all, it still looks very favorable, despite the slight damage sustained from adverse weather.

According to Secretary Wallace, satisfactory progress is being made in London for some sort of international wheat agreement by the four principal exporting countries, but as yet we have learned none of the details. Apparently, both Canada and Argentina have found that export subsidies from the United States have been very costly and that while the resources of the Argentine Grain Board will permit it to cover eventual losses on this year's operations, fears are expressed for the future. While there has been a net profit carried over from the peso exchange brought about by a two-point difference between buying and selling made available to the Grain Board, nevertheless a large sum of money

(OVER)

was taken out of the Treasury. Possibly other exporting countries have concluded that it might be wiser to fall in line on basis of export allotments, instead of continuing cut-throat competition as in the past.

Primary receipts today were rather light, amounting to 1,753,000 bu versus 3,189,000 bu last week and 2,902,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 723,000 bu.

Not much was heard of export business, but we find that since July 1st, actual overseas shipments of wheat and flour from this country are nearly 4 million bu. Based on probable crop and carryover, allowing for prospective utilization of 700 million bu, and assuming a necessary carryover of 125 million bu on July 1st, 1940, there is still 152 million bu surplus which we could export.

At the last, following another day of fairly substantial flour business, September wheat closed 1 3/8¢ per bu higher, while December wheat rose 1 1/4¢.

Corn was strong. Chances for cooler weather and possible showers over parts of the belt caused some profit-taking, and, on the whole, outlook for the crop is still very good.

The Secretary's announcement that there would be a loan on rye had been expected, and had very little influence on the market, although the price was higher, as was the case with other cereals.

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CHICAGO July 28, 1939.

Liverpool quotations were fairly strong this morning, with advances of 1 1/8 to 1 3/8¢ a bu for the various futures. They had apparently received cable advices speaking of deterioration both in our Northwest and in Canada. It seems that during the past week, drought and heat in certain sections probably did more damage than was generally recognized, although reports which are now at hand do not all agree as to the severity of deterioration. We have always found that Sanford Evans was extremely conservative in his views, and his last report was rather favorable to the Prairie crops, although he admitted that there is still some time to go before maturity, and, therefore, weather conditions would still be a factor. He also stated that while present prospects are more promising than a year ago, in some of the northern districts the plant was later and would require good growing weather. The fact is that rains are needed to maintain the present outlook and somewhat lower temperatures would be helpful, but the weather forecast for the next 48 hours is not particularly optimistic in this regard. Probably the most pessimistic report was issued by Mr. Gardiner, Minister of Agriculture at Ottawa, after returning from a crop inspection tour, when he declared that general estimates of the Canadian wheat crop were much too high.

Marketwise this news was accepted without much hysteria, and of course, the surpluses in the world are so tremendous that whether Canada raises 25 million bu more or less really counts for very little in the final analysis. We consider the outcome of our own spring wheat crop almost more important, so far as domestic prices are concerned, because we figure that with the government loan policy and subsidies later on, pressure on the market will be comparatively light in comparison with other years. Even if Western Canada should raise a crop of only 350 to 375 million bu, we are confident that the importing nations will not suffer, and particularly with a much larger Canadian carryover in sight. Since August 1st, wheat and flour shipments have amounted to 156 million bu, and at the present time there is still close to 115 million bu available for export compared with only 24 million bu the season earlier; in other words, the government up there will in all probability have large quantities to deal with, even on the assumption that the crops do not turn out as well as was indicated a few weeks ago.

There is only one more week before the world's crop season comes to an end and already 591 million bu wheat and flour have been shipped from the various exporting countries, which is about 11 million bu more than Broomhall had thought likely in his tentative figures. However, considering that Europe has laid away large war reserves, we think this estimate came out remarkably well, even though it might finally be exceeded by as much as 20 million bu when the present season comes to an end. Most statisticians believe that the world will import as much wheat this coming year because of smaller European crops and the maintenance of emergency reserves; also, they point out that China produced a smaller crop and that an appreciable flour demand will be in evidence, barring any possible military interference. The fact that prices are low will also be an aid in this direction, and possibly move larger amounts into international trade than if we were faced with a high price level.

Routine news today had little effect. Australian shipments for the week were 1,679,000 bu, or much the same as last year. The Argentine has placed two million bu afloat, which is a larger quantity than for the corresponding period a year ago, but still, shipments are not making big inroads into the huge surplus, which is estimated at 144 million bu, compared with only 29 million bu last year. We have felt for several days that the large domestic flour business would be a sustaining influence, and judging from the character of the early buying today, there may have been some further flour sales, which gave us quite a firm opening, with new pressure extremely light.

(OVER)

Primary receipts continued rather small, at 1,519,000 bu compared with 2,693,000 bu last week, and 2,337,000 bu last year. So far this week, Kansas City, Duluth, and Minneapolis stocks show a net increase of 797,000 bu. We expect just a moderate gain in the visible supply on Monday, which will compare with last year's increase of 10,313,000 bu.

The market gave just a fair account of itself; early strength was short-lived, but on the other hand, there was no particular weakness, although some profit-taking was in evidence. At the last Septemb wheat was 1/8¢ per bu higher, while the December was 1/8¢ per bu lower.

There seemed to be some short covering going on in the corn pit, but favorable weather permitted these operations to take place without much advance. Map readers look for cooler temperatures over the belt and some showers, which, of course, would be extremely helpful.

Rye was independently weak; selling by one prominent house found very few shorts, and as a result prices eased off more than 1¢ per bu on comparatively moderate trade.

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CHICAGO MERCANTILE EX.

CHICAGO July 31, 1939.

With a wheat crop in this country hardly larger than a year's domestic consumption, the government is faced with various problems brought about largely by other artificial influences. The fact that the loan price on corn had been 57¢ on the farms has kept a good deal of grain from being consumed either at home or for commercial purposes, as substitutes had been found. This will probably mean that we shall have one of the largest carryovers on record, and if the farmers are unwilling to carry the added surplus, even with inducements for the building of cribs, then it may be that storage space will later on prove to be scarce. This has been recognized by the government, and there is a good deal of talk that iron cribs will be provided at certain country points, so that when the new crop is ready, there will be ample provision to keep it off the market. Furthermore railroads owning grain elevator facilities at Baltimore and Philadelphia are said to be concluding negotiations with the CCC for the storage of 4 million bu of wheat recently taken under the federal loan program. The chances are that similar arrangements are to be effected elsewhere, possibly at New York, Norfolk, Boston, and Portland, and in this way government-owned wheat will find a resting place until an export outlet is sought.

Very likely subsidized exports this coming season will be on a smaller scale than last year, and the government gives as a reason the fact that it may be desirable to have a carryover on July 1st, 1940, of at least 200 million bu, and they also say that with world prices so far beneath domestic ones the cost would be excessive if we sold as large a quantity as was the case last season. In commenting upon subsidies, the New York Times says, "We are doing all this just when we have placed countervailing duties on importations of silks from Italy and a whole range of products fromGermany on the ground that these importations are subsidized. In other words, we are deliberately undertaking what we officially penalized as unfair and demoralizing competition when it is done by other nations." However, there are some economists who reason that we were one of the most important exporters of wheat before the War, and just because Argentina and Australia have increased their acreages that this is no reason why we should not ship our surplus wheat out of the country, even if it hurts others.

Quotations at Liverpool this morning were fairly strong, the close being at an advance of 1/2 to 1 1/2¢ a bu. There was a rather sharp decrease in the afloat stocks of about 4 million bu, but world shipments were in the neighborhood of 9 million bu, which was practically the same as both last week and last year.

Aside from a scattered business of Manitoba wheat out of Montreal, exporters claimed a rather disappointing demand. Apparently with the various admixtures in Germany and Italy, England will still be the important import nation of wheat, but she seems quite confident in view of the large surplus still remaining in the Argentine.

There were fairly high temperatures over the week-end in our Northwest and in Canada, virtually no rain reported anywhere, and while warm weather will still prevail today in our spring wheat territory, the chances are that there will be some relief by tomorrow, and possibly scattered thundershowers also. Most people still feel that while the Canadian crop has been cut, there is still the probability of a larger crop being raised than last year. Canadian acreage, by the way, is about 800,000 acres larger than last year, and a good many districts are still very optimistic, with indicated yields running in places 25 bu per acre.

(O V E R)

Primary receipts were quite light at only 1,911,000 bu compared with 2,730,000 bu last week, and 3,355,000 bu a year ago. Despite the smaller run, we were somewhat surprised to find that the visible supply had increased 10,544,000 bu this week, which was a larger comparable gain than a year ago, and total stocks in all positions are slightly in excess of 140 million bu, or nearly 49 million bu larger than in1938; in fact, present supplies are considerably greater than peak accumulations last year. Chicago stocks showed a gain for the week of 1,124,000 bu, with the result that we have nearly 12 million bu of wheat here, but in spite of this fact, September has been creeping up on the later months due to anxiety on part of shorts or hedgers, who turned their commitments into December or May. However, we believe that the carrying charge will widen again and that there is a good chance that storing of corn will prove profitable, so that elevators will not carry wheat unless they receive dome remuneration.

At the last September wheat showed an advance of 1/8¢ per bu, while December wheat closed unchanged.

Trade in corn was rather light, the nearby month being firmer than other deliveries. There was a fairly substantial decrease in the visible --1,700,000 bu, but total stocks are about 6 million bu greater than a year ago. On the whole, the crop outlook is still favorable in the large producing states, although hot weather in Texas, Oklahoma, and Kansas has no doubt reduced prospective yields in those areas.

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CHICAGO MERCANTILE EX.

CHICAGO August 1, 1939.

While there have been a great many uncertainties in the grain market due to artificial influences, there are often general tendencies quite as regular as clockwork. Ordinarily, at the close of any season, or just before July 1st, we find that our stocks reach a low point and then gradually increase, frequently attaining their maximum in November, although sometimes a little earlier. Very likely during the present season it will be considerably earlier. In the same proportion as supplies increase, usually the open trades gain, as naturally, more wheat has to be hedged for which buyers, who at one price or another always appear, have to be found. During the last several years, the lowest open interest occurred either in May, June, or July, and gradually rose then until the maximum was reached between August and November. At the present time, the visible supply is about 140 million bu, and yet the open interest is only about 90 million bu. A year ago at this time, the visible wheat supply was 91 1/2 million bu, but yet the open interest was 102 million bu. One might conclude that either a good many hedges at the present time have gone to outside markets, instead of coming to Chicago, or else a considerable quantity of wheat in the visible supply is under government loan, and, therefore, is not hedged. There is, of course, another possibility; namely, that because of governmental activity there is less arbitraging between international markets, and as a result, the open interest is so much smaller in proportion to the visible supply than in other years. The fact that restrictions have been placed upon our market has also tended to give us a smaller buying power, and this in turn is against sustained strength, because it requires confidence to give us firm markets at a time when selling hedges are being placed. We find that every once in a while a part of the stored wheat in the Southwest is offered upon the market, indicating that not as much was tied up under the government loan, as was assumed earlier, and apparently pressure from this source has had to be absorbed in recent sessions.

Liverpool prices were somewhat firmer in the early trade because of crop advices from this side, but when neither Canada nor Chicago made much headway in advancing, Liverpool reacted, with losses of 3/8 to 5/8¢ per bu at the close. Our map was somewhat late in being posted, due to some changes in the U. S. Weather Bureau personnel, but when finally the barometric lines were chalked up, indications were for some moisture, both in our Northwest and in Canada, which had a somewhat depressing effect, with new buyers rather scarce. Only a small, scattered business was reported in export circles, mostly Manitoba wheat afloat, and practically no business has been confirmed in American winters, probably due to the fact that there has been no specific announcement yet on subsidies for the coming season. The chances are that Europe can be fairly independent for the next month or two, owing to the fact that native crops are coming to market. Outside of some additional emergency reserves that are sought from time to time, it seems likely that importers' requirements will be taken care of on a hand-to-mouth basis, unless there is confidence in the price, in which case there would be some buying for later shipment.

Recent threshing returns in some of the Danubian countries have been disappointing, but yet the latest forecast for the four Danubian countries, Poland, and Lithuania is for a crop of 500 million bu, compared with the five-year average of 418 million bu, and last year's bumper crop of 553 million bu. Likewise, recent weather in Germany has not been overly favorable for filling, but at the same time the total European crop will probably be in the neighborhood of 1,640 million bu, compared with the five-year average of 1,580 million bu, but last year's very fine crop of 1,841 million bu. However, if we go further back, we find that between the years 1923 and 1927 Europe raised on an average only 1,244 million bu, but on account of various factors such a price control in North America and the desire in Europe to become more self-sustaining, acreages were gradually increased, and during recent years this has resulted in smaller import requirements, which has been harmful to all exporting nations.

(O V E R)

Primary receipts were rather light at 1,368,000 bu compared with 1,974,000 bu last week, and 2,129,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 19,000 bu.

Pressure on the market was rather light, except from longs who liquidated because of the possibility of rains in the spring wheat districts, also lower prices in Winnipeg. At the last September wheat showed a decline of 1 1/8¢ per bu from the previous session, while December wheat was 1¢ lower.

Corn was firm in the early transactions on some talk of the crop having gone backward, but it seems that most of the damage sustained is in the Southwest, and prospects over the important corn belt states are still mostly satisfactory. The chances are that there has been considerable reduction from the overly optimistic hopes expressed a few weeks ago, and within a day or two crop experts will give their views. Closing prices were somewhat lower in sympathy with wheat.

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CHICAGO August 2, 1939.

For sometime now the four large wheat exporting countries have been in conference at London, trying to figure out some method of apportioning their exports. We have pointed out in our letters on many occasions that one of the principal troubles was that importers were taking less than formerly, and with the increased acreages in Canada, Argentina and Australia the result has been that surpluses have been piling up. While importers' requirements during the past season have approximated about 600 million bu, during the three previous years they had only averaged 533,000 bu, and in comparison, for instance, with

1931 when 770 million bu were taken
1930 " 787 " " " "
1929 " 613 " " " "
1928 " 928 " " " "
1927 " 793 " " " "
1926 " 814 " " " "

it is quite obvious that the real trouble is that import needs have dropped off materially.

For the first time today, certain quotas for the various exporting nations were discussed, and we understand that in the tentative figures Canada would do 40 per cent of the business; Argentina, 24 per cent; the United States, 19 per cent; and Australia, 18 per cent. This also is quite a revision from what previously took place, because before 1914 Russia and the United States were the principal shippers. At the beginning of this century, the United States was exporting on an average 211 million bu each year, or approximately 50 per cent of total world requirements. During the War, we were furnishing about 216 million bu, or 41 per cent, and this ratio was fully maintained during the period 1920 to 1922, when we were contributing 45 per cent of the total world shipments. During the boom period, however, 1925 to 1929, Canada became very aggressive, and during that period she was shipping about four times as much as she did during the six years prior to the World War. The same is more or less true in the Argentine where shipments were about twice as large as they had been just prior to the War; and Australia had also doubled her proportion compared with pre-war days.

The fact that we may be willing now to take a less important stand and contribute only 19 per cent of the world's import requirements shows that we are apparently in a mood to make concessions also, and, therefore, it is to be hoped that those nations, which have recently grown out of all proportion, will in some way try to meet the surplus problem. It, however, will not be an easy matter. At the present time, there is a proposal for a 5-year quota scheme, apportioning 435 million bu of wheat between the four exporting nations. Concretely using the percentage figures above, Argentina would only be permitted to export 100 million bu each year. This past season they raised 336 million bu, and probably only consumed in the neighborhood of 100 million bu at home; therefore, they would add about 136 million bu to their carryover. In Canada, if a 40 per cent quota were accepted, she could not ship in excess of 174 million bu, so that in years when the crop was 400 million bu, she would add about 126 million bu to her reserve stocks; and this would also be rather difficult on account of her small population. It remains to be seen, however, whether anything will come of the present proposals.

(O V E R)

Our market this morning was influenced by the declining crop prospects in Canada, and this was the prime influence at Liverpool, where prices rallied after the Canadian telegraphic report had been cabled abroad late yesterday, indicating that yields would be considerably smaller than earlier expectations. The same news, with lack of rain, buoyed prices at Winnipeg, and this in turn brought in more buyers here with the result that our market advanced rather easily, as there was hardly any new hedging pressure.

The primary movement has become rather small everywhere; receipts today were only 1,154,000 bu versus 1,541,000 bu last week, and 1,746,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 150,000 bu.

Best levels of the day were not maintained, as there was some profit-taking, and the demand for cash wheat was only moderate. At the close September wheat showed an advance of 5/8¢ per bu, while the December was up the same.

Corn was not particularly strong considering the firmness in wheat, and the fact that the movement from the country is almost nil. Primary receipts today were only 189,000 bu, while shipments were 609,000 bu. It is apparent that present receipts are hardly sufficient for commercial purposes, but the trade has in mind that the quantities still back in the country are enormous, and at the moment there is no important speculative support. The rains which have occurred were very helpful, and more moisture is in sight.

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CHICAGO August 3, 1939.

One of the important overnight developments was Mr. Wallace's comment made at a press conference yesterday while the House was considering certain appropriations to make good the impairment of CCC capital. During this interview, the Secretary stated that the present wheat program would require about $100 million, and that when the program was announced only $50 million was committed. We take this to indicate that the loans thus far made by winter wheat farmers have been much smaller than trade expectations, and we also analyze it to mean that on basis of 60¢ a bu, possibly not more than 160 million bu of wheat will be impounded this year on which farmers will have asked for governmental loans. This would only be about 20% of the crop, leaving available for the trade, 80% that will be on the free market. There had been a good deal of talk that in the Northwest much heavier quantities might be tied up, but since the Secretary is in position to know better than almost anyone else how many farmers are eligible for these loans, his statement this morning was very significant.

Shortly after the opening, the private experts gave their views as to the probable wheat yields in this country, and on an average they estimate that winter and spring wheat production will total 710 million bu, which is just a slight decrease from the government figure released last month, but was not regarded as an important change. Therefore, it had very little market influence. On basis of our domestic consumption, which will probably reach 700 million bu, it leaves a very small surplus, and, therefore, whatever, exports are accomplished, will finally leave us with a carryover that much smaller on July 1, 1940. The Canadian figures were also in line with expectations, and while some hazards still confront the crop, it appears as though all of Canada might raise 400 million bu, compared with only 350 million bu last year.

Canadian weather was reported somewhat more favorable this morning, and even though no rains of consequence had occurred, temperatures were lower and in some sections harvesting operations have already started. This is particularly true in the most southerly portions of all three Provinces, and according to the Winnipeg Free Press, in the Nanton, Alberta, district, the yield is placed at 35 bu per acre, which must offset some of the poorer fields where premature ripening had caused some damage. The Winnipeg market was comparatively strong, but of course, it must be remembered that they are selling at a tremendous discount under us, and were it not for the subsidy from here, it would be an entirely different story. The fine quality of their wheat often attracts attention in Europe, and in most normal years, when Winnipeg futures are selling at a sharp discount under Chicago, there are great opportunities to arbitrage their market against ours, in the belief that finally, the high protein wheat up there might sell at the same price as ours, or even at a premium.

There was very little activity in export circles; in fact, European cash demand was rather slow, and Liverpool futures closed at a decline of 5/8 to 3/4¢ a bu. A few Manitobas were worked from both coasts, but nothing very large. We find that since July 1st the actual overseas exports from this country, including wheat and flour, amount to 4,853,000 bu, and making allowance for our domestic utilization, and assuming a minimum carryover at the end of this season of 125 million bu. it would still leave us with nearly 152 million bu that could be exported. These figures are based on a probable carryover last July of 265 million bu, although the government has not yet given us their final report. It also assumes a crop of 716 million bu,which was the government's last estimate, and which is slightly higher than the average of today's private experts. The estimated Argentine shipments this week were nearly 3 million bu, which was larger than last

(O V E R)

week, and almost three times as large as last year, but they still hav a tremendous surplus which will compete with Northern Hemisphere exports at a time when ordinarily pressure from that source has become much lighter. During July, Argentine weather was generally favorable for the crops. The condition is said to be "good to very good", with all sowings of wheat completed, except in a few spots, but on basis of their acreage, we would not imagine that they will raise more than 250 million bu this coming season, as last year's bumper crop was quite exceptional.

Primary receipts today were moderately small, at 1,360,000 bu compared with 1,753,000 bu last week, and 2,189,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 333,000 bu.

Our market was subjected to some liquidating sales, although new pressure from hedging sources was small. Apparently, a great many people have felt that purchases could be made, because a very large percentage of the wheat would be tied up under the government loan, and the Secretary's statement today may have caused some disappointment. At the last September wheat showed a decline of 1 1/4¢ per bu from the previous close, while December was 1 1/8¢ per bu. lower.

Corn was firm, with some short covering in evidence. Experts figure on a crop of about 2,519 million bu. This is a slight reduction from last month, but when it is considered that the carryover may be in excess of 500 million bu, we cannot see anything very bullish on which to predicate sharp advances.

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CHICAGO August 4, 1939

It is reported that the Senate Appropriations Committee today completed its action on the Deficiency Bill by including $119 million to restore the impaired capital of the CCC, but whether this will be finally passed by the House remains to be seen. According to a statement of the Secretary of Agriculture, unless the capital of the CCC is restored, the loan program for farm products will be seriously handicapped. In our letter of yesterday, we mentioned certain sums of money that were needed to complete the wheat loan program. It now appears that instead of a total of $100 million needed for wheat loans, the CCC is already committed to $50 million, and needs $100 million in addition, or a total of $150 million. Figuring on a basis of approximately 60¢ a bu, this indicates that somewhere in the neighborhood of 240 million bu of wheat might be impounded. This is still considerably less than many people in the trade had estimated, and figuring on the last government crop report of 716 million bu and approximately 265 million bu in the carryover, it would still leave ample free supplies for all milling and seeding requirements.

Canada has just completed their 1938-39 crop-year, with overseas shipments totaling 159 million bu, which although considerably more than those of the year before, was the smallest amount exported since 1919-20, with that one exception. This is rather surprising, in view of the fact that at the start of the last crop-year supplies of Canadian wheat throughout the world were at a minimum, as due to the high prices ruling throughout those winter months, purchases were confined to absolute minimum. At that time the price laid down at Europe for their No. 1 northern Manitoba was extremely high, touching $1.70 a bu, and ruling $1.30 a bu as late as June, 1938, while today it is quoted at 68¢ CIF Liverpool. The exports in comparison with world shipments are as follows:

	Canada	World
1938-39	159 million bu	600 million bu
1936-37	195	595
1935-36	254	494
Average previous 5 years	218	645

Canada is starting on a new crop-year with a carryover of approximately 100 million bu larger than the previous season. This poor showing can probably be attributed in part to the action of the United States in subsidizing exports, and also, to the constant pressure from the Argentine, where the carryover is quite burdensome. It is estimated that the latter country has still 142 million bu left for export, compared with only 28,300,000 bu the same time last year. This is a tremendous burden for the Argentine, particularly as their storage facilities are so limited.

Liverpool wheat prices closed 7/8 to 1¢ a bu higher, partly influenced by the strength at Winnipeg, smaller offerings, and to evening up of commitments, as their market will be closed on Saturday and on Monday.

Dry weather still prevails throughout the Canadian Provinces, while indications are for cooler weather in Alberta. The official forecast also indicates some thundershowers. There is no doubt that the warm, dry weather has taken its toll and that prospects have been reduced. The fifth telegraphic crop report issued on August 3rd, indicates that continuation of excessive heat and lack of moisture might cause serious deterioration, but a heavy general rain could put the crops in good shape except in Southeastern Saskatchewan. The reports of both the Canadian Pacific and Canadian National Railways also substantiate lowering of the prospects for the three Provinces. As to what the final outturn will be depends on the weather from now until harvest. Harvesting is well along in our own Northwest and cutting is becoming general in the southern part of the three Canadian Provinces, especially in Manitoba, according to the MODERN MILLER.

(OVER)

There was very little activity in export circles, but there seemed to be some mill demand the early part of the session. Our market responded to higher cables and further unfavorable reports from Canada, which market led the advance. However, later in the session, when the official forecast indicated some thundershowers, the Canadian market gave way, and advances here were lost, with closing prices for September and December wheat showing a decline of 1/8¢ per bu.

Receipts in the Southwest were rather light, and the slowing up of the movement is reflected in the primary receipts, which totaled 1,391,000 bu for the day, versus 1,519,000 a week ago, and 2,235,000 bu similar period last year. So far this week, Kansas City, Duluth and Minneapolis stocks show a total increase of 265,000 bu, which would indicate only a modest increase in the visible on Monday; last year the visible increased 4,820,000 bu.

Corn showed more or less independent strength during the session, but weather conditions remain satisfactory in the large producing areas. It is interesting to note that yesterday the average price of hogs was $5.39, which is the lowest since December 15th, 1934, and that the average weight of the hogs was 297 lbs, which is the highest for the season.

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CHICAGO August 7, 1939

September wheat tonight closed at virtually the same price as it did a year ago, or about 63¢ a bushel. It probably takes more bushels of wheat to buy an ounce of gold than ever before in the history of our country. Had the monetary relationship not been changed, or in other words, if we assume that present prices reflect the 59¢ dollar, then wheat is selling at about 37¢ in terms of the old dollar value which prevailed until 1933. It would, therefore, appear that the theory of changing gold values to bring about a higher price level has not been borne out yet, as far as wheat is concerned, at least for the 6-year period since devaluation took place. Some might reason that either wheat is too cheap in the long run, or else gold is too high; but very little attention is being paid to matters of this kind at the moment, in view of the tremendous world's surpluses. Since the price of wheat is no higher in Chicago than it was a year ago, anybody who made purchases based on inflation has not done very well.

It still remains a question whether gold can be maintained forever at $35 an ounce, but it is still a fact that we are accumulating tremendous quantities each month, mostly with borrowed money, being the largest buyer of any nation. If we should step out of the market at any time for various reasons and permit the precious metal to seek its own level, we doubt very much whether the price decline would stop even when the old statutory level of $20.67 an ounce was reached.

There was practically no news from Europe this morning, as a holiday was being observed, and with it great dullness prevailed in export circles, as all United Kingdom markets will remain closed until tomorrow morning.

World shipments of wheat and flour this week were 9 million bu, which was much the same as last week, while 12 million bu were placed afloat last year. It is apparent, therefore, that Europe is rather confident, and with large reserves still in the Argentine, and a good crop about to be harvested in Canada, they will probably continue to buy on a hand-to-mouth basis.

There is very little change in the character of European crop news. We expect that final yields will be smaller than last year's bumper crop, but still will measure up pretty well to average. Russia fared poorly in certain sections where the drought occurred, but conditions in that country will probably not affect the world picture materially. Exports may be a little bit smaller than last year, when they amounted to about 37 million bu; so it is clear that even if shipments this coming season are smaller, it will not cut much figure, as in no case are we counting on any Russian imports, except in one or two ports where this is routine year after year.

With Winnipeg also closed, there was not much to guide us this morning, although moisture in the Corn Belt and in our Northwest caused a slightly bearish feeling, and there was some selling and profit taking when these advices were circulated. The weather map also suggests that cool weather and rains may occur in Canada, and this will be beneficial in the late districts, where improvement is still possible and where cutting is still several weeks ahead.

Northwest receipts are increasing now with Minneapolis and Duluth having 820 cars of wheat inspected today, and consequently, the primary movement was fairly moderate - 1,841,000 bu versus 1,911,000 bu last week, but considerably smaller than last year when receipts were 3,739,000 bu. The visible supply showed a gain of nearly 4 million bu, with total supplies in all positions approximately 144 million bu, compared with 96 million bu last year. There was also an increase in our local stocks, with 12 1/2 million bu now accumulated here, and with this quantity, we look for fair-sized deliveries on September contracts next month.

The market was rather dull and there was some recovery from early declines, with September wheat 1/4¢ lower, while December wheat declined 3/8¢ per bushel.

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CHICAGO August 8, 1939.

So far as the world wheat situation is concerned, we can see nothing very encouraging at the moment. The International Institute of Agriculture at Rome predicted that world wheat production for 1939 will be the largest since the World War, except for last year's crop. They also stated that the market will be glutted through 1940 and possibly 1941. There is nothing particularly new in these assertions, being more or less confirmation of facts already disclosed, but it shows rather definitely how difficult it is for the United States alone to fight the battle in trying to reduce acreages here, while the balance of the world has either stationary acreages or keeps increasing. It is believed likely that the delegates from this country who attended the London Wheat Conference will return shortly, and perhaps subsidy plans will be established in the near future.

Since July 1st, most of the exports have been in the shape of flour, and millers are being granted subsidies in order to ship their products to foreign shores, but inasmuch as there has been no definite plan for wheat exports, we find that Galveston, which did by far the largest business last year, has witnessed rather trivial shipments this season, and the total for July was only 221,000 bu, compared with 4 1/2 million bu last year. With comparatively little grain destined for the various ports of shipment, there has been a fair movement to terminals, so that even with a much smaller crop in this country than a year ago, the visible supply has increased rapidly, with total stocks greater than they were at any time in 1938. We have also learned from past experience that when the first movement is to the interior, it takes a higher premium later on to attract supplies back to the seaboard, and since there has been some delay in getting the government subsidy machinery into operation, the monetary loss later on may be greater than if the program had been ready by July 1st. It is also a fact that while the subsidy last year only started at about 7¢ a bu, it would take about 30 to 35¢ at the present time to accomplish the same thing, and that as a result of the larger drain upon the Treasury, we shall probably not export as heavily as we did last season. Furthermore, there is apt to be greater competition with approximately 140 million bu of surplus wheat still left in the Argentine, compared with less than 30 million bu a year ago, and from present indications, Canada will have a larger crop than in 1938, with a carryover of probably 100 million bu more.

There were some rains reported in Canada, which should be helpful to the late maturing crops, and while the hot weather has done some damage, it has also tended to force the crop beyond the chances of any serious frost losses, even in the northern areas.

When Liverpool reopened after the holiday they were influenced by the rather indifferent demand and cheap offerings from surplus countries. In the parcel market, Rosa Fe wheat was quoted at 50 3/8¢ per bu, which was even cheaper than the French wheat bearing a much smaller freight cost to the United Kingdom.

The northwestern movement is increasing now, with 907 cars of wheat received at Minneapolis and Duluth. This was responsible for primary receipts today being 1,478,000 bu, which was larger than last week when they amounted to 1,368,000 bu against 1,566,000 bu last year. So far this week stocks at Kansas City and Minneapolis increased 33,000 bu.

The trade in the wheat pit was rather dull, possibly less than yesterday, when only 11 million bu were transacted. The weakness at Winnipeg was a factor at times, as was also the fine moisture in our Southwest, which was regarded very beneficial for fall plowing. Closing quotations showed a loss of 1/8¢ per bu for the September future, and the same for the December.

Corn was somewhat influenced by the fine moisture over important areas, but light receipts tended to keep September rather firm in comparison with the other months. Only 34 cars were received here in Chicago, which is hardly sufficient for commercial needs.

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CHICAGO August 9, 1939

After the close of our market today, condition figures on Canadian crops will be issued. The chances are that prospects are less favorable than a month ago, due to heat and insufficient rainfall during July. We have repeatedly called attention to the fact that July is a critical month in Canada, and unless subsoil moisture conditions early in the season are sufficient, a prolonged dry spell might do a great deal of damage. Probably one of the worst years on record was in 1936, when from an indicated condition of 82% of normal on July 1st, the outlook declined severely, and on August 1st was only 45%; so the crop had been practically cut in two. The Dominion Bureau of Statistics at that time also figured there might be further deterioration during August on account of continued dry weather. However, we would say that in contrast to that year conditions are quite different now, because even with the marked decline in prospects, there is still evidence that yields will turn out better than last year. Probably what has happened is that the chance for bumper prospects was dissipated, and instead of having a crop of possibly 450 to 500 million bu, we can only expect at the present time 375 to 400 million bu. At the moment, cooler temperatures have set in, and there was some moisture during the past week or so, and while not heavy in any spot, nevertheless, it brought about a certain amount of relief. With surpluses built up as they have been, the world does not require bumper crops in any one country. As a matter of fact, it is rather fortunate that just about average conditions prevail, otherwise the bearish features would be accentuated to the further detriment of price.

Liverpool was rather indifferent, closing 1/2 to 3/4¢ per bu lower. It seems that native crops in Europe are coming to market now, so that the export business from surplus countries is rather disappointing. Practically nothing was reported sold from Canada, while business from the United States has been small, with the exception of some subsidized flour sales due to the fact that the subsidy program for wheat is still being held in abeyance. There is a fair amount of Southern Hemisphere wheat arriving in the United Kingdom, and on the Continent; also, afloat cargoes from other countries are pressing upon the market. So with this situation, it is not easy to have sustained strength here, even with the many artificial influences at work, and even with our price level almost at the lowest of the season.

There is very little news coming from the Northwest, which is probably indicative of no further deterioration, although it has been rather warm and dry in the sections where the crop is not fully matured, and the chances are that when the government report comes out tomorrow, it may show a moderate decrease from figures recently given out by crop experts. The weekly grain and crop report from Washington claimed that at the close of last week much cooler weather had overspread many districts, although in North Dakota both yield and quality of the spring wheat were somewhat disappointing because of previous heat and dryness.

Receipts everywhere were very light today and the primaries were only 1,196,000 bu compared with 1,154,000 bu last week, and 1,611,000 bu last year. Kansas City and Minneapolis stocks so far this week increased 224,000 bu. Trade was again very light and fluctuations were within a narrow range. Comparative strength at Winnipeg kept our market fairly firm, and there was apparently some short covering up there prior to the Dominion report. At the last, our September wheat showed a decline of 1/8¢ a bu, while December wheat was 1/4¢ lower. Flour business last week slumped off appreciably and Southwestern mills booked only 22% of their milling capacity, against 162% the previous week, while sales in the spring wheat regions were less than 49% of capacity, compared with 283% a week earlier, according to the Northwestern Miller.

Corn was still influenced by the light primary movement, which was only about half as great as last year. However, hog prices have been declining for some time on prospects for a 15 to 20% increase in slaughter next Fall, and yesterday's average was only $5.18, compared with $7.82 a year ago. Farm income from these two products is much smaller, except that some allowance must be made for moneys being paid out by the government for soil conservation, parity price payments, plus government loan privileges.

UHLMANN GRAIN CO.

After the close of our market [illegible] Gov-
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DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 10, 1939

"Excessive speculation" is often blamed for many of the country's ills. Whether for good or evil, it is an indisputable fact that the Administration has succeeded in curbing speculative commitments on stock, as well as on grain, exchanges. However, as with everything in life, we feel that there are two sides to all questions. While much may be said in favor of curbing excessive speculation, on the other hand, the discouragement, such as exists at the present time, and the dearth of buying power, are undoubtedly detrimental to the price structure of various securities and commodities.

Let us assume, for instance, that many of the present-day hindrances to the flotation of securities had been in effect at the time the Frenchman, Ferdinand de Lesseps, one of the greatest men of his age, contemplated the building of the Suez and Panama Canals. Of necessity, he became a promoter and speculator, although his aim was not personal gain but the fulfillment of his vision to create enterprises beneficial to the whole world. The building of the Suez Canal, which required the issuance of a large amount of securities, proved a great success. The investors (or as our legislators would term them, speculators, because great risks attended it) realized good profits from their venture; in fact, the British Government, when Disraeli was Premier, conceived the idea of buying Suez Canal shares in the speculative markets of London and Paris until a majority interest had been acquired, which led eventually to the British occupation of Egypt. This is one speculation which was applauded by the whole world, but which could not have taken place had there been in force great restriction of speculation.

The Panama Canal was a failure financially, but notwithstanding that many French investors lost a great deal of money and were greatly disappointed thereby, its completion finally by the United States government connected two great oceans of the world for transportation by a shorter route, and no one would now wish undone the great good which it has accomplished in this way.

We presume that those who hold the theory that excessive speculation is a detriment to the country would find it difficult to explain why so many commodities are depressed at a time when speculation is at low ebb, which is the case now. Yesterday, new declines were witnessed in the hog market, with prices down to the lowest average since November 13, 1934. In an entirely different field, but where trade is greatly restricted, egg futures dropped to a new season's low yesterday and a new August bottom for the past six years. Lard futures yesterday closed at new season's lows due to the weakness in hog values and the depressed price for cottonseed oil. Packer support was lacking and commission house interest was almost entirely absent on the buying side. In wheat, we find that prices are at a very low level, and until European political news lent some support this morning, there had hardly been sufficient purchasing power to absorb hedges, except at great sacrifice.

Liverpool quotations were somewhat higher this morning, closing at an advance of 3/8 to 5/8¢ a bu, influenced largely by the Polish-German problems, and the trade was somewhat fearful of a mass meeting to be held at Danzig tonight. While reporting large-scale military maneuvers, there was apparently more fear on this side of the water than in Europe as London stocks closed just a small fraction lower, and securities in New York were under considerable pressure.

Our wheat market advanced and higher prices resulted, with very little pressure, as Northwest hedges are apparently unimportant up to this writing.

Primary receipts were light at only 1,156,000 bu vs. 1,360,000 bu last week, and 1,466,000 bu last year. Kansas City and Minneapolis stocks show a total increase so far this week of 276,000 bu.

At the last September wheat, which was the strongest, advanced 7/8¢ a bu, while December was 5/8¢ higher.

Corn was quite firm. There were no burdensome receipts anywhere, but on the whole crop prospects remain satisfactory, and we believe that later on all elevators that have empty space will be able to get all the corn they need either through actual purchase or from supplies that go on the loan.

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CHICAGO MERCANTILE EX.

CHICAGO August 11, 1939.

After the close of our market yesterday, the government report was issued showing a combined winter and spring wheat crop of 731 million bu. This was a larger quantity than had been looked for, as the average figure of the private experts was smaller, and it was also an increase of about 15 million bu over the July report. As a result Liverpool quotations were somewhat lower, as they interpreted the news as being slightly bearish. English prices were 1/8¢ per bu higher for the March wheat, but 3/8 to 1/2¢ lower on the nearby months.

The trade on this side paid very little attention to routine news, inasmuch as a new export program for subsidizing wheat had been decided upon by Secretary Wallace. With the new plan, the subsidy will be paid directly to exporters on a competitive basis, while last year the government actually purchased the wheat, and then sold it back to exporters at a price which would enable them to merchandise wheat abroad at a profit. It is assumed that operations will start soon, and some of our local speculators in Chicago immediately bought September wheat here and sold the deferred months, believing that if cash wheat were moved into export channels it would influence mostly spot deliveries. As soon as this happened, carrying charges almost immediately vanished, as there was very little new pressure upon September.

We take a different view of the situation. Should exporters buy their wheat in the regular way, having more or less a fixed subsidy on which to work, we do not think any one market would benefit at the expense of another. Furthermore, we believe that if the export bounty is granted to those who can sell the wheat at the lowest subsidy, business will take place as in the past, so that distortion will be avoided just as is the case in normal times with no subsidy existing in any form. In the past gulf ports did the bulk of the exports. However, it may take a few days before this is fully understood, and in the meantime there are great uncertainties.

There were only small shipments this week fromAustralia, but the exportable surplus is almost twice as large as it was a year ago --23 million bu now compared with only 11 million at that time. The Argentine surplus is still enormous, with 138 million bu still available, while in 1938 only 27 million bu remained in the country for the export market. We can see no shortage anywhere in the world, but, of course, artificial influences will tend to keep our futures above competitive levels, and this makes it rather difficult to give advice on the old pattern of supply and demand.

It is still figured that the Canadian crop will be a large one despite some damage from recent heat and drought. The Free Press figures on a crop ranging from 380 to 390 million bu, which is about in line with other estimates. Should this yield be realized, it would be the largest crop since 1932.

Primary receipts today were reasonably light at 1,270,000 bu compared with 1,391,000 bu last week, and 1,907,000 bu last year. So far this week Kansas City, Duluth and Minneapolis stocks show a net increase of 590,000 bu. There should be some gain in the visible supply stocks on Monday --probably less than last year when the increase amounted to 4,886,000 bu.

When the other exporting nations learned that subsidies were to be resumed, it created some concern, and in Winnipeg, prices were lower, as they naturally realize that this means more competition for them. At the last, our September wheat, which was by far the strongest of all deliveries, showed a decline of 1/4¢ per bu, while the December was 5/8¢ per bu lower.

Corn was very little influenced by the revision in the government's estimate, which showed a loss of about 111 million bu for the month. While improvement had taken place in most of the corn States, this was offset by deterioration in Oklahoma, Kansas, Nebraska, Missouri, and South Dakota. In the meantime, the latter States have received some moisture, and temperatures are more moderate, so that possibly the final outcome will show an improvement as compared with the August figures.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 14, 1939

There was very little encouragement from Europe, and developments over the week-end suggested that, barring unforeseen political changes, import buying would probably continue from hand to mouth. With the weakness at Winnipeg on Saturday, it was hardly expected that British prices would follow our advance, and therefore, an unchanged cable this morning for the October delivery and 1/8¢ decline for other months was not surprising.

The amount of wheat on ocean passage decreased about 3 million bu from the previous week, and is 9 million bu smaller than a year ago; but yet, British millers know that with the good crop coming in Canada they will have no difficulty in getting supplies on a heavier scale when needed. World shipments were slightly smaller than a year ago, but amounted to nearly 10 1/2 million bu, and this was a little heavier than the run in recent weeks.

The trade here has paid very little attention to market factors of supply and demand. Many are counting on the artificial influences to bolster prices in Chicago, and they believe that after next Saturday, when export subsidies start, hedges will be taken out of the market, and that, therefore, the line of least resistance is on the bull side. They have also pointed to the fact that the carryover of wheat on July 1st was slightly less than had been expected, even though 100 million bu more than the previous season. Some also have believed that with probably a larger quantity of wheat impounded under the government loan there would be less free wheat at the end of the season, even if our exports were on a smaller scale. They do not mention, however, that in the Southwest some of the winter wheat loans will mature next February, or in other words, seven months from date of issuance. It is, therefore, obvious that if the price should remain considerably under the loan, within five to six months some of the farmers will default on their loans instead of continuing with interest payments piling up. Whether such grain will be disposed of, nobody can say, but it adds to the many uncertainties which exist....

Before long, attention will be directed to Sothern Hemisphere crops, and in Australia recent good rains have helped, so that conditions are generally favorable, despite a rather dry autumn. In the Argentine, an official monthly crop report indicates that weather during July was generally favorable for the crop, and the condition of wheat is good to very good.. Sowing of wheat has been completed in all sections except Southern Buenos Aires province.

When the visible supply of wheat was posted, it showed an increase of two million bu, with stocks in all positions totaling nearly 146 million bu. This is about 45 million bu more than a year ago, and considering that movement from the country is rather light, it is quite a good showing. Primary receipts today were only 1,204,000 bu, compared with 1,841,000 bu last week and 3,144,000 bu last year. There was also a gain in the Chicago stocks of 211,000 bu for the week and the total here amounts to 12,749,000 bu.

Trade was extremely quiet and there was very little feature to our market. In the early dealings, locals bought Chicago futures and sold Winnipeg, and this spread has become very popular of late, as it is figured that there will be considerable pressure in Canada when the movement there gets under way, while here, subsidies and loans may tend to keep us comparatively firm. Buying power, however, was insufficient to keep the market on the up grade, and at the close, September wheat was 1/2¢ a bu higher, while December wheat closed 3/8¢ a bu up.

The open interest in wheat has been increasing for some little time, with 95 1/2 million bu open contracts now registered, according to government figures, but still, day to day fluctuations are relatively unimportant and on Saturday, trade in all grains amounted to only 13 1/2 million bu.

Corn was firm early in the session. Visible supply stocks are still showing appreciable losses but the country is selling a little more freely. The nearby position remained firm, but the market played out late in the day.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY

141 W. JACKSON BLVD.

There was very little encouragement from Europe. [illegible] [illegible], except Germany which practically controls their grain [illegible] the weakness at Winnipeg on [illegible], it was [illegible] prices would follow our advance, [illegible] this morning [illegible] October delivery [illegible] 1/4 [illegible] and distributed.

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[illegible]

There was extremely quiet and [illegible] In the early [illegible] [illegible] 1/4 [illegible]

[illegible]

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 15, 1939.

In 1931, President Coolidge made the following statement:

> "When trade declines and goods begin to accumulate, whether they are raw materials or farm or factory products, instead of letting the market take its own course there is always a great temptation to try some artificial remedy. It is better for everyone in the end to let those who have made losses bear them than to try to shift them on to someone else. If we could have the courage to adopt this principle, our recovery would be expedited. Price fixing, subsidies, and government support will only produce unhealthy business."

Sometimes in our enthusiasm to correct faulty situations, we become carried away by our emotions, forgetful of the secondary consequences, and despite the many methods and remedies resorted to in an effort to aid agriculture, we find that the wholesale commodity price index, compiled by the National Fertilizer Association, declined last week to the lowest point reached in the last five years. The index for the week was 70.3%, based on 1926-28 as 100%. Certainly nobody can claim that those in charge of agricultural problems have failed to put forth their best efforts in trying to accomplish their purpose. In fact, in their endeavors they have strenuously competed with private enterprise, with the result that industries, which for decades were able to do business along established lines, have suffered tremendous losses. It is, therefore, rather interesting to see that the railroads have refused special concessions to the Commodity Credit Corporation to grant free leases for sites for steel corn bins on railroad property, or to allow reduced freight charges for the transporting of the bins, or for waiving demurrage charges when delays occur in unloading the newly constructed storage tanks. Aside from the adverse financial position of the railroads, the Association claimed that they would show no favoritism for government business at the expense of operators of privately owned, or co-operatively owned grain storage facilities. The CCC had requested the railroads to give it the free use of railroad properties for the locations of the bins, as well as other favors, which, of course, would have been disastrous for organized elevator operators who have to pay ordinary rentals, and also pay their taxes to the government for the privilege of doing business. It was also stated that these government facilities may be directly competitive, and under such circumstances any preference or discrimination granted in favor of the government would adversely affect private interests.

Liverpool quotations were rather indifferent, the nearby months being slightly higher while the deferred were lower. It seems the foreign demand for North American grain is still disappointingly slow, and while there was a holiday on the Continent, we have not found any spirited demand during recent days. In fact, both the October and December futures at Liverpool established new lows for the season yesterday, and these were all-time lows for these positions since the Liverpool Exchange was inaugurated in 1883. Undoubtedly, thetremendous subsidies paid by various governments who are anxious to dispose of accumulated supplies have brought about this situation. According to Broomhall this will probably continue until world's carryovers have been reduced and planting controlled in more countries than in just the United States and Australia.

The weather in Europe is more favorable for gathering in the crops, as rains have ceased in most sections which is helpful for threshing. In the spring wheat districts of North America, fair progress has also been made and we hear that harvest is general in Southern Alberta, so thatpressure in Canada is likely to become heavier within the next few weeks.

(OVER)

The comparative strength at Winnipeg today may have resulted from the undoing of spreads as it has become very popular of late to sell futures in Winnipeg against purchases here. Our open interest is climbing and at the close of business yesterday there were 96,702,000 bu of all wheat contracts on the books of various commission houses. However, the total trade was extremely moderate and 10 million bu less than was transacted in the pits a year ago. The primary movement was reasonably small at 1,329,000 bu, but not much out of linewith last week when it amounted to 1,478,000 bu, compared with 1,547,000 bu last year. So far this week, stocks at Kansas City and Minneapolis show a net increase of 227,000 bu.

There was no particular feature to the market, early buying having spent its force because of lack of enthusiasm by outside interests. Milling demand has been rather poor now for several weeks, and possibly inverse carrying charges are hurting business for forward sales of flour. At the last, September wheat was 1/4¢ per bu lower, while the December declined 1/8¢ per bu.

Corn was firm at times, but encountered profit taking. The movement from the country was lighter than yesterday, and receipts everywhere are small; in fact, hardly enough for commercial needs. However, we would imagine that elevators on the first of the month would make rather heavy deliveries inasmuch as they can use their space to take on government corn later on when old supplies are moved from the cribs to make room for the new crop.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 16, 1939

There has been no change in the character of the grain news for several weeks. Many of the items which appear on the broad tape are simply a confirmation of what has been known for some time. It was almost a foregone conclusion that last year's bumper crop in Europe would not be repeated, and now that figures are published for the yields in various countries, it simply shows that in most instances average crops have been harvested, but the reductions are heavy compared with the previous season. Since this was expected, it had very little influence on Liverpool, particularly with the tremendous world's carryover, and this morning we find that the December and March positions again established new lows. Very little attention was paid to European political news and despite firmness in North American markets, until the time Liverpool closed British prices showed a net decline for the day of 1/4¢ a bu. Instead of finding some improved demand from importers, there seemed to be renewed Argentine pressure to sell wheat, and these were all contributing factors to the slight decline that took place.

Since August 1st, world shipments to Europe have been about 5 million bu larger than a year ago, while ex-European countries have taken about the same quantity; therefore, it was quite easy to get supplies without bidding up prices. Almost all of the export business from our own country consisted of subsidized flour sales, as no permanent program has yet been established for sales of wheat. The total for the season was only about 3 million bu, compared with about 12 million bu in 1938.

Before long both good news and crop scares will be received from Southern Hemisphere countries, but at the present time Australia reports that conditions have been improved by recent rains, and the government is endeavoring to reach an agreement whereby the present flour tax will be increased about $13 million for the benefit of growers. On the other hand, attempts are being made to curtail production and the various states have been asked to give assurance that no new wheat land would be settled and that the farmers who are now raising wheat will refrain from expanding acreages. In the Argentine, generally favorable conditions prevail throughout most of the country, although good rains are needed in Cordova to prevent deterioration, and it is claimed that in some areas, especially in Santa Fe, excessive growth has rendered the crop susceptible to frost later on. Estimated Argentine shipments this week were 2 1/4 million bu, which is somewhat smaller than last week, and compares with 594,000 bu last year. Receipts in this country are light everywhere, and in the Northwest, for instance, Minneapolis and Duluth had only 358 cars of wheat, compared with 972 cars last year.

Primary receipts today were 1,037,000 bu compared with 1,196,000 bu last week, and 1,934,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 38,000 bu.

Our market was influenced by strength at Winnipeg, and also, political fears over the Danzig issue, and nearby positions remained the strongest. This, we believe, has been responsible for the very poor flour business; new bookings in the Southwest averaged 28% of capacity versus 134% last year, and in the Northwest, bookings were only 34% compared with 160% a year ago. In our opinion, it would be much smarter for the large bakers to buy May futures instead of flour for delayed shipment, as it costs them money to carry stocks, and if they pursue the method of being long futures they save the carrying charge. Very likely this is taking place. At the last, September wheat showed an advance of 1¢ per bu, while the December was 3/4¢ higher.

Corn was firm, despite the fine crop prospects in Illinois and adjacent areas, but receipts remain extremely light; there will probably be a good-sized shrinkage in the visible supply again on Monday.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO August 17, 1939.

It has been known for some time that the export subsidy program, which was inaugurated last year, would be put into operation on the present crop, although certain delays have taken place, very likely due to the London Conference, as efforts were made to obtain quotas for the four large exporting nations. Whether there have been concrete proposals that were satisfactory to all concerned, we have not learned; but judging from the fact that our government will start selling wheat for export on some sort of subsidy basis towards the end of the week, and the fact that the Argentine government has lowered its wheat price about 2¢ a bu, lead us to believe that there may be cutthroat competition and that the conference was disappointing, insofar as results were concerned, the same as in the past.

London dispatches this morning were rather disappointing, and Liverpool cables were unchanged to 1/2¢ a bu lower, apparently worried that competitive selling at these tremendously low prices would be bearish on international markets.

With wheat prices practically down to the low levels of 1933, and subsidies at the highest point they have ever been, it may still be difficult to sell large quantities; and as Mr. Frank Kent pointed out in an article yesterday, "The statistics show that farm product shipments abroad for the year ended May 1st, 1939, are 21 per cent less than for the year ended May 1st, 1938."

European markets have been extremely indifferent to virtually all news. Political events in Europe hardly stirred them, and even small shipments from the Black sea this week at only 168,000 bu, compared with 2,816,000 bu last season, had practically no effect upon prices in the United Kingdom. However, there is continued hedging by Argentine shippers, and moreover, an official Australian statement that new wheat conditions were very favorable apparently put importers at their ease.

We gave certain export figures yesterday which were not quite up to date. We find that overseas shipments of United States wheat and flour from July 1st to August 15th, amount to about 7 million bu, and allowing for domestic consumption of 700 million bu, and a necessary carryover at the end of the season of 125 million bu, it would still leave 154 million bu available for the export trade.

One cannot come to any definite conclusions yet with regard to Canada, as final crop figures have not been made public, but in any event we expect that she will be a heavy competitor as time goes on. Cutting is well established in Manitoba, and probably earlier than usual, with about 70 per cent of the wheat crop having been cut to date. In Saskatchewan, fair headway is also being made, but Alberta seems to be the latest of all the provinces. Cutting, however, is expected to become general over a large area within a week to ten days. Country marketings in Canada are increasing, and yesterday amounted to 1,870,000 bu.

The one country with the heaviest proportionate surplus, is Argentina, where there is still 135 million bu of wheat left for export compared with only 26 million bu last year. We figure that even though the next crop might only amount to 250 million bu, there will be free offerings to Europe at all times.

Primary receipts today were a little bit better at 1,577,000 bu versus only 1,156,000 bu last week, and 2,065,000 bu last year. So far this week, stocks at Kansas City and Minneapolis show a net decrease of 167,000 bu.

(O V E R)

The market was not particularly strong, except that September wheat maintained a good premium over other months. It closed at 66¢ a bu, and deducting about 35¢ subsidy, which would be necessary to sell it to Europe, makes the price 31¢. However, on basis of the old gold dollar, it figures only about 18 1/2¢ a bu, and is certainly not very encouraging in view of all the efforts that have been made to get commodity prices higher. Local sentiment had been very bullish after the close yesterday, but with so little help from the outside traders found that there were very few new buyers to take commitments off their hands. The open interest in wheat stays about steady, around the 97- million bushel mark. At the last the nearby future was unchanged, while December wheat was 1/4¢ a bu lower.

Corn was barely steady, even with the light receipts. However, shipments were equally small, and most people are figuring that with the good crop ahead and a tremendous carryover there is nothing in the picture for the immediate future to suggest sharp upturns.

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CHICAGO MERCANTILE EX.

CHICAGO August 18, 1939.

October eggs sold at an all-time August low this morning, and while poultry is seldom mentioned in the same breath with wheat, corn, or cotton, it is a fact that the lowly hen is of more importance than wheat in terms of dollars and cents to the United States. This is true, despite the fact that her wares are regarded with little more than indifference by most economists. Many states in the Northwest, also Nebraska, realize more from the sale of eggs in a normal year than from wheat. While this may seem an exaggeration, it is nevertheless true that most housewives spend more money for eggs than for bread and flour. It is, therefore, quite apparent that the income to the farmer is substantial from this source, and the wave of selling, which swept prices downward in the heaviest turnover yesterday in nine months, was inspired by fears that the FSCC would soon abandon its efforts to uphold cash egg prices.

Increased egg production in most sections of the country has taken place, and August 1st holdings of fresh eggs, according to the Department of Agriculture, were the second largest on record.

It becomes more apparent each day that artificially withholding any commodity from the market does not solve the problem, and with the vast quantity of corn that will be stored away, possibly there will be repetition in that commodity at some future date.

As far as the wheat market is concerned, there was very little overnight news, except that the increased flour subsidy had depressed foreign quotations, and Liverpool closed with losses of 3/8 to 1¢ a bu, with all futures recording new season's lows. It seems that other exporting countries are compelled to follow competition from here, and increased selling pressure from Argentina was also a factor.

Rapid progress in Western Europe has been favored by sunny weather, although in Germany it still remains unsettled and is hindering the movement of new grain; likewise, the quality has been adversely affected. European markets, however, will probably continue weak, as long as the threat of cutthroat competition exists, and early indications today pointed to a continuation of a disappointing foreign demand, which has existed now for some time.

Starting on Saturday, American exporters will be able to submit bids to Washington for various grades of wheat up to 11:30 A.M. eastern daylight saving time, and if accepted, the price will prevail for twenty-four hours. Having been in the export business ourselves for many years, and knowing the various complications, even without government intervention, we are inclined to believe that there will be a great many difficulties, and that as a result if the present system is not changed, exports for the season will be rather disappointing.

While grain prices generally remain pretty low, the farmer is still receiving various benefit payments, and these are estimated to run between 18 and 22¢ a bu. The AAA has announced that this would be the case on their 1940 crops on the normal yields, and the payments included conservation and price adjustment. It was mentioned, however, that definite rates could not be determined yet, because the division of money for these payments among the separate crops has not yet been made.

Primary receipts were reasonably good at 1,540,000 bu compared with 1,270,000 bu last week, and 2,263,000 bu last year. So far this week Kansas City, Duluth and Minneapolis stocks show a net increase of 1,206,000 bu. The visible supply on Monday may show a small increase, while last year the gain was 6,255,000 bu.

There was no particular trend to the market, but firmness probably resulted from European political tension, even though this factor was entirely ignored at Liverpool. September wheat here closed 1/8¢ per bu higher, while the December was 1/4¢ up.

Corn struggled with little feature, but the September delivery was again heavier traded than other months. However, volume was small, and fluctuations were unimportant.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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EW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
W YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 21, 1939.

If anyone were smart enough to figure out how chaos in Europe would all end, and whether there would be war or peace in the immediate future, he would have a much easier time trying to analyze grain markets. Not knowing whether Hitler will issue another ultimatum, or whether there will be other sinister forebodings, one naturally has to do a great deal of guessing; and all this on top of the fact that we still have so many unnatural factors at work, with practically every large exporting country trying to undersell its wares in competitive circles.

A great many traders who had long commitments were looking forward to this day, because it had been announced that export subsidies of wheat would start again. Unlike a year ago, when the program was first initiated, and when probably sales could be affected by taking a loss of 7¢ a bu, we find that even with a subsidy of about 35¢, hardly anything is moving into export channels. Instead of a small carryover in Canada, and meager supplies in the Argentine, as was the case in 1938, we find huge surpluses in both countries; therefore, it is not likely that they will sit idly by while we get rid of our wheat at their expense. From advices which we have received, we think that the first day's program has resulted in a very limited European demand; consequently, those who had expected that a good many September hedges would be taken out of the market, probably were disappointed. On the other hand, with strained conditions in Europe and the tense political situation, Liverpool quotations advanced 3/4 to 1¢ a bu, and this gave slight encouragement to those who were already long.

World shipments this week were 10,690,000 bu, virtually the same as both last week and last year. However, stocks on ocean passage showed an increase of 2 1/2 million bu, which was a little more encouraging to importers, so that even with another war scare there was no great urgency on part of buyers, although a few sales of Manitoba wheat over the week-end were reported.

Under the new export subsidy plan, payments will be made directly to United States exporters, who are able to sell abroad, but the determination of these payments rests with Washington, and as we understand it, at a certain time each morning acceptances will be made on basis of the best bids at hand. This is so complicated in comparison with the free open market we used to have that probably a good deal of business will slip away. The writer was brought up in the export business, and conducted it for a good many years before the present rules were adopted, and remembers how difficult it was to sometimes get counter bids fromEuropean buyers; when we used to maintain ten or twelve of our own offices in Europe there were enough complications without governmental subsidies. Therefore, with the present obstacles and each day bringing us closer to increased offerings from Canada, we are not too optimistic about the volume of shipments during the coming season, although we admit that at a price practically anything can be sold.

When the visible supply figures were posted, there was a gain of 577,000 bu of wheat shown for the week. The total supply amounts to 146 1/2 million bu, or roughly 39 million bu more than a year ago. Chicago stocks showed a slight loss of 68,000 bu, with 12,651,000 bu in store and afloat at this point. Primary wheat receipts were quite large at 2,075,000 bu versus 1,204,000 bu last week, and 3,272,000 bu last year.

Outside of political news and the great strength at Winnipeg there was very little feature here. September wheat lost some of its premium over the other months, and closed 1 1/8¢ per bu higher, while December wheat was up 1 5/8¢ per bu from the previous session.

Corn was very strong, and apparently there was a large short interest. We believe there were also shorts in this cereal against a long wheat position, who probably lifted one leg of the spread, and this gave us a fair advance since Saturday. Receipts were still light, and the visible supply decreased nearly 2 million bu for the week.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 22, 1939.

The world was completely surprised this morning when an announcement came fromGermany that she and Russia had concluded a non-aggression pact with each other. Whether this move will really block collective action against German aggression, is still anybody's guess, and while apparently negotiations between these two countries have been taking place for many months, the extent of the pact is still unknown. The first guess was that Moscow's policy was based primarily on suspicion of British sincerity, and from informationnow at hand, it appears less likely that the democracies would attempt to defend Poland; therefore, Europe seems more peaceful for the time being, regardless of later consequences. Ultimate effects cannot be judged at this time, but certainly a startling change in the whole European situation has taken place. The opposition in England has demanded the summoning of Parliament, while France called some army specialists to the colors for immediate service.

There has been very little hope for months that European nations could get back to a peacetime economy, as long as competitive armaments continued, and with the pouring out of billions of dollars for military and naval purposes, it is simply a question of time before bankruptcy overtakes them all, regardless of their resources. On the other hand, if there were a pause in armaments it would mean tremendous unemployment in many nations, and possibly a situation close to revolution. Consequently, what will finally happen in Europe, whether it is war or a financial calamity, is bound to affect us very materially, and it is too early at this juncture to make prophecies.

Liverpool was quite strong, with advances of 1 to 1 3/8¢ a bu being registered for their various futures.

The Canadian export wheat demand was very good yesterday, but a lull followed, and apparently exporters had withdrawn offerings in view of the fresh complications in the European political outlook. Therefore, only a small scattered business in Manitobas to the United Kingdom was confirmed, and possibly also a limited quantity of American wheat in store on the Continent.

There was very little change in the character of the domestic news; Southwest receipts were light, and in practically all instances, less than a year ago. In the Northwest, carlot arrivals were heavy, especially at Minneapolis, but we think a good deal of stored wheat is coming to market, and we understand that a large percentage of the grain coming to line houses is going under the government loan. As a result of the big arrivals in the Northwest, primary receipts were 2,624,000 bu, compared with only 1,329,000 bu last week, and 2,373,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 184,000 bu.

Trade was not particularly heavy, but apparently some who had purchased recently because of war fears, were liquidating their positions. While it is generally realized that the new European pact fundamentally changes the balance of power in Europe at a very decisive moment, yet nobody is willing to interpret this in terms of market action. Winnipeg remained comparatively strong, in spite of the fact that pressure will soon start when the movement gets under way, and particularly subsidized selling from the United States will give them considerable competition.

Our September wheat today was considerably easier, and it is thought that deliveries on the first of the month will be quite substantial. At the last the nearby future declined 1 3/8¢ per bu, while the December was down 7/8¢ per bu.

Corn was also somewhat weaker, and on yesterday's advance the country movement picked up considerably. However, primaries today were very small, and there is no chance of accumulations at terminals until the farmer sells on a heavier scale than at present. Crop prospects are good in the important areas, with fair weather and higher temperatures following the cool rainy spell.

UHLMANN GRAIN CO.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

CHICAGO [illegible] 19, 1[illegible]

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 23, 1939.

Political news continued to hold the center of attention. It was quite apparent that the British Cabinet late yesterday was unanimous in its decision that Poland should be protected, and assurances were given to the Central Powers to that effect. Possibly this show of strength was sufficiently instrumental to scare both Russia and Italy, and there was an unconfirmed report that Russia would refuse to sign a pact with the Germans until Hitler gave a pledge not to attack either Poland or Rumania. It was also stated in some foreign advices that Mussolini had definitely told Hitler that he would refuse to move in the event of war with Poland. Under such circumstances, Britain and France seemed to be in a stronger position today, and the news early was less critical than one would have judged from the late broadcasts that came over the various radio stations last night. However, at about noon, there was a report that a German passenger plane had been shot at by Polish anti-aircraft batteries, and this caused a very tense feeling, with the result that our market shot up nearly 4¢ a bushel at one time.

However, this news came out after European markets had closed, and Liverpool quotations were unchanged to 5/8¢ a bu higher, The foreign demand for wheat was rather quiet, which is certainly a good sign under conditions that exist.

The Canadian Wheat Board was said to have withdrawn offers of cash wheat, and while the officials in that country refused to discuss the matter, it was believed to be a temppary, possibly a precautionary, measure, due entirely to the troubled European situation. As a result of this step, Winnipeg futures jumped practically 3¢ a bu higher, with shorts covering their commitments. Apparently a good number of stop-loss orders were filled on the way up, and this in turn affected our market in a sympathetic way.

While the front pages of the papers were filled with political news, the financial sheet carried several columns showing how the government was hurting private enterprise in various fields. First of all, in the handling of corn by the AAA, country operators who had protested in a group that the proposed storage rates by the government were inequitable, received no consideration, and the commercial rate of 12¢, which for years was effective had to be reduced to 9¢. The latter apparently to apply on the accumulated surpluses that will soon be moved from farms. Last week insurance companies protested that the government was interfering with their business, and while apparently private surety companies will have a chance on the government corn that is to be resealed, the rates have been tremendously reduced, as compared with the prevailing charges.

There has also been considerable comment on the pegging of butter prices. Yesterday, there was a lull, and some had thought that the $6 million loan from the CCC had been used up, but today's purchases were the largest for any one day in the current season. The FSCC has also purchased 50,000 dozen of eggs in the local market today; so it is quite apparent that private enterprise is having difficulty matching its wits and risking its money in competition with the various governmental agencies, who have the tremendous resources of the government behind them.

Rains were reported this week over most of the grain areas in Argentina, benefiting the growing crops and replenishing subsoil moisture. In Australia, some frost damage has occurred to early sown wheat in New South Wales, but on the whole, the condition of the crop is satisfactory.

(OVER)

Canada reports that harvesting operations in the Prairies are steadily advancing, and at present cutting is about 95 per cent completed in Manitoba, 40 per cent in Saskatchewan, and 20 per cent in Alberta. For the season to date, country marketings total 20,876,000 bu compared with 15,778,000 bu a year ago.

Weather in Europe is rather satisfactory, although center portions of both France and Northern Germany are reporting rain.

Primary receipts today were fairly good at 1,532,000 bu versus 1,037,000 bu last week, and 2,241,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 21,000 bu.

Nobody can give advices until we have more definite news from Europe. At the last, September wheat advanced 3 1/4¢ per bu, while the December wheat was up 3 1/2¢.

Corn was also very strong; higher prices brought about freer offerings from the country, but the market was dominated almost entirely by political news.

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CHICAGO MERCANTILE EX.

CHICAGO August 24, 1939.

The European news was again very tense this morning. The British government was taking all precautions, and in fact, war preparations were taking place generally in Europe. Poland called more reservists to the colors under a Cabinet order, while defense preparations were being rushed to completion; France also called all reservists in preparation of eventualities. Mr. Chamberlain came before the House of Commons expressing hopes that the emergency powers would be concluded today; and explained that Parliament had been summoned because of the crisis in Europe. He explained that new and drastic steps were required by the gravity of the situation, and that his country had found itself confronted with the imminent peril of war. Meanwhile Adolph Hitler had told Great Britain that Germany wanted a free hand in Eastern Europe and that if Britain or any other country intervened that they must necessarily accept blame for any conflict that might follow.

With the crisis at hand, it was a foregone conclusion that our market would open higher, and very nervous transactions in the pit featured first trades, with Winnipeg prices up practically 4¢ a bu before selling pressure developed. When suddenly Winnipeg broke, it became known that the Wheat Board was offering limited amounts of cash wheat, and it was also reported that they had sold some futures in the pit, so that regardless of European political news, our futures reacted sharply.

There are two questions which we think are worthy of analysis: First of all, Canada has a large carryover and a big crop coming on. They also have customers in all parts of the world, and it seems only reasonable that if they only consume a small proportion of wheat that is raised, the bulk must finally be sold. So whether their policy has changed for a day, or for a week, it cannot alter the program in the final analysis. Secondly, one must figure what wheat would really be worth in the event of actual hostilities. Most traders still have in mind the last war, when almost all of Europe was involved and when finally we became engaged in the fighting. With man-power busy for defense and European fields devastated, it created a much larger demand; but at that time neither Canada nor the Argentine had such tremendous surpluses; nor had Europe built up reserve stocks. Therefore, there are these differences, and it is well to bear them in mind, because no two situations are ever exactly alike. Of course, war psychology would be sufficient to give us wide upswings, at least at the start, but finally it might be quite another picture. So erratic were quotations today that price swings were more than 1¢ apart, and it taxed facilities of the exchange, with blackboard quotations considerably out of line with actual operations in the pit. This is something that has not been witnessed for a long while, and shows how nervous the trade actually was.

Primary receipts were of fair proportions today --1,896,000 bu versus 1,577,000 bu last week, and 2,407,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 8,000 bu.

Flour interests told us that their sales were a shade better than they have been, but still far from good. The chances are that the war scare induced bakers to take on additional commitments, but with hardly any carrying charges in wheat, there is not the usual temptation to pay the cost of carrying flour when the distant wheat futures are selling so close to the spot price.

The market lost all of the early advance, and the fact that security prices also showed a recovery induced a certain amount of profit taking on the long side, with less radical expressions about immediate European developments. September wheat closed 1/8¢ per bu lower, while December closed at a decline of 3/8¢.

Corn received some impetus at times from wheat, but finally was independently weak. Handlers of spot corn have booked the largest amount from the country in some time, and market advances brought quite a little corn to Chicago. This also had the effect at times of weakening the nearby future in comparison with the deferred months.

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CHICAGO MERCANTILE EX.

CHICAGO 8-25-39

In addition to the tense political developments in Europe, there was another factor confronting the trade this morning when it became known that the British equalization fund had been decontrolled, and after having successfully pegged British currency for several years, support was suddenly withdrawn, with the result that the early rate slumped about 30 points from yesterday's close. The last time there were wild gyrations was in September 1931, when England went off the gold basis, and during that period, British wheat prices advanced sharply. However, we find this morning that the English price of wheat only advanced 1/2 to 5/8 pence per cental for the deferred futures, and when translated into American prices, there had actually been declines of about 2 1/2¢ a bu. This was anything but encouraging to exporters, particularly as there had been no blockade, insofar as shipments were concerned, and the freight market was quoted with schedules about unchanged, but shippers recently had been somewhat afraid to offer wheat too liberally awaiting further developments abroad. The trade here was quite confused early in the session when the political news looked almost as black as at any time. The lower Liverpool prices were discouraging and due to Argentine exchange rates, the Buenos Aires market, interpreted in dollars, showed a decline for wheat of 3 3/8¢ a bu, which makes greater competition. The Argentine exchange has always been more closely linked with sterling than with the American dollar, so that any further decline in England might make it more serious to export wheat from here competitively.

While troops were mobilizing in practically all European countries affected by the present crisis, there were no particular disorders or incidents reported, but it is a fact that more people in Europe are carrying weapons than at any time in years, and this may be giving some concern to the Germans, particularly in the newly-acquired areas of Austria and Czecho-Slovakia. It is a fact that guns will shoot backwards, as well as forwards, and recently it has come to light that considerable discontentment prevails in places where at one time freedom reigned. Much is also heard of impending airplane attacks on London in the event of war, but airplanes can fly in two directions, and possibly Hitler has been told that Berlin may be called upon to withstand raids by British and French planes, which may be the reason that matters are proceeding a little more cautiously, as it had not been expected in all quarters that the allied countries would mobilize so quickly. Italy apparently appreciates that the western countries are in earnest.

Nobody paid much attention to statistics today, although Southern Hemisphere shipments were fairly large, particularly from Argentina, where 4 1/4 million bu were placed afloat, and apparently Europe is finding arrivals sufficient for normal needs. In this country, receipts were large at Minneapolis and Duluth; the combined points receiving 1,220 cars versus 873 cars last year. This was responsible for the substantial primaries today, which were 2,268,000 bu versus 1,504,000 bu last week, and 2,247,000 bu last year. So far this week, Kansas City, Minneapolis and Duluth stocks show a net increase of 747,000 bu. Probably a small gain in the visible supply will be shown on Monday; last year the increase was about 6 1/2 million bu.

Late in the session it became known that at Hitler's request Henderson met with the German Chancellor for a ninety-minute interview, and this appeared somewhat more peaceful, as apparently negotiations are still taking place. The stock market rallied and wheat lost ground; Winnipeg was even weaker than we were, but, of course, that market had been unsettled the other day owing to the Wheat Board's decision to withhold cash offerings, but this morning we understand that export business is possible again if Europe is willing to buy. Furthermore, a crop estimate by the Winnipeg Market News makes the wheat yields of the three Prairie Provinces 431 million bu, which is the largest since 1928.

Final prices showed a decline of 1 1/2¢ per bu for the September future, while December was 1 5/8¢ per bu lower,

Corn was influenced by the more bearish feeling which prevailed on the Exchange floor, good weather, and buyers seemed more cautious in making new commitments.

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CHICAGO MERCANTILE EX.

CHICAGO August 28, 1939.

Radio listeners were extremely busy over the week-end trying to solve the European political picture. Sir Neville Henderson, British Ambassador to Germany, remained in England while the Cabinet was preparing an answer to Hitler's demands. Meanwhile, there had been an interchange of correspondence between Daladier and Hitler, setting forth the views of both France and Germany. The German Chancellor's letter was firm and eloquent; his unceasing demands for Danzig and the Corridor were reiterated in no uncertain terms. The German people were told that in order to conserve food and clothing, ration cards would be resorted to again. Undoubtedly supplies are at low ebb, even at a time before hostilities might start. It is a different situation from 1914, when a prosperous country with large gold supplies could buy from neutral nations, and had previously stored away heavily the necessities of life. At the present time, German gold stocks amount to only $94 million; Italy has $193 million of the precious metal, while France and Britain together have $4,774 million worth of gold.

In Britain, great efforts are being made to conserve the present dwindling gold stocks as a war chest, and as a result, the British Exchange Equalization Fund is no longer supporting sterling. The pound went into new low ground this morning, and this is making international business of all kinds very difficult, because the rate of exchange enters into all price calculations. It is also feared that rising price levels in the United Kingdom, where sterling is falling, may touch off inflationary effects of British rearmament. It is also having a somewhat depressing effect on price levels of those countries whose currencies are based on sterling exchange; in fact, it might even go so far as to cause a possible hitch in the reciprocal trade agreements between our country and Argentina, as the latter is linked very closely to the pound.

It was almost a foregone conclusion that with the tense feeling in Europe and very much lower sterling exchange, British prices for wheat would be higher, and, therefore, an advance of 2 to 2 7/8 pence per cental came as no surprise, although in the dollar currency the rise was tempered.

Exporting countries had offered virtually no wheat, but yet, the cash demand in England was quiet, as present supplies seem abundant, and special reserve stocks have been built up just for such emergencies as are now occurring.

World shipments were fairly large at 10,839,000 bu, slightly more than last week, but compare with 12 1/2 million bu last year. Undoubtedly, most of these sales were contracted before the political excitement became apparent. The amounts on ocean passage are 31 million bu, or very little changed from the previous week, although 9 million bu smaller than the season earlier. There have been reported heavy sales of Argentine wheat to Europe but some statements are undoubtedly exaggerated, claiming that the entire surplus was disposed of, and this on the face of it seems ridiculous, as England would naturally try to favor Canada and later Australia, both being her own colonies, if any such large business were put through.

We learn reliably that the total grain crops in Germany, including Austria, but exclusive of Bohemia and Moravia, are officially estimated to be less than last year. The Old Reich has raised a wheat crop of 158 million bu compared with 204 million bu last year, or a decrease of 46 million bu. When the World War broke out in 1914, and the Dardanelles were closed, cutting off Russian shipments, Europe looked rather anxiously to the United States, because at that time the Argentine crop had only been 114 million bu, Australia had raised 108 million bu, while Canada's yield was 140 million bu, or a total for the three countries of only 362 million bu. This did not leave very much surplus as most

(OVER)

of the wheat raised was needed for home consumption. However, in looking at present and prospective supplies for the same countries, we find that the Argentine has raised 336 million bu, Australia 145 million, and it is quite likely that Canada's outturn will amount to 400 million bu, or a total of 881 million bu. It is very obvious, therefore, that at the outbreak of the last war, those countries had only small quantities to furnish for European needs, while at present large surpluses exist everywhere, and no traders should come to a quick conclusion as to what prices are apt to be in the event of an outbreak without considering this factor fully.

The visible supply of wheat this week increased 864,000 bu and total stocks are 147 million bu, or about 33 million bu greater than a year ago. Chicago stocks are practically stationary, taking into account what is in elevators and afloat. The primary movement was quite substantial, at 1,961,000 bu compared with 2,073,000 bu last week, and 2,962,000 bu in 1938.

Our market was dominated almost entirely by political news, pressure was not heavy, and in the Northwest it is thought that about 25 per cent of the daily receipts are being offered for sale, while the remainder is being placed in storage for government loans. However, the United States Agricultural Marketing Service estimates that up to August 23 Federal loans had been made on approximately 57 1/2 million bu of the 1939 crop. It is not clear whether this refers to spring wheat alone, or to the country as a whole. At the last most of the gains were lost, with September wheat closing 7/8¢ per bu higher, while the December was up 1 1/8¢ per bu.

Corn was higher, but everybody figures that later on terminals will receive large quantities when the loan supplies are moving from farms. The visible decreased more moderately, with 13,688,000 bu in combined terminal points. We look for a carrying charge from September to December, and pretty fair deliveries on the first of the month.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO August 29, 1939.

European financial districts, as well as foreign exchange markets, assumed a more optimistic outlook of political developments. Nobody could say at this juncture that even a temporary peace is assured, and yet, the fact that the German Chancellor has been in session for many hours with his advisors, speaks rather well that certain counter-proposals to Britain are being contemplated. The fact that Germany did not at once march upon Poland, or take other irrevocable action, indicated some hesitancy, to say the least. In other words, the door is still open for further negotiations, and very likely Hitler will listen to reasonable suggestions. Nothing definite is yet learned as to whether Britain has modified her stand.

Whatever optimism took place in our own securities market was due mostly to hope, and in the same way grains were influenced by greater optimism in Britain, closing prices at Liverpool showing losses of 2 to 3 1/4 pence per cental, although due to higher quotations for the pound sterling, the loss was somewhat less on basis of the dollar.

England still feels that the German-Polish questions can be solved by peaceful means, if Germany is willing. Mr. Chamberlain in the House of Commons this morning stated that the issue of peace or war is still undecided, and that Britain will see to it that her obligations to Poland will be carried out.

With all these uncertainties, the export business was rather small, and fresh business has become more difficult, due to scarcity of vessel space, also exchange rate fluctuations, and nervousness on part of sellers in making new commitments. During the past few sessions, a great deal of publicity was made of possible negotiations between Argentina and the English and French governments. It was stated that the democracies were anxious to accumulate war stocks and to save all visible supplies, which might otherwise fall into the hands of the German government. But, we repeat again that as far as we can learn, there is no confirmation of this business in any shape or form, and we have gone both to Europe and to the Argentine in an attempt to find out immediately whether such information is correct, but the reports come back that they do not believe there is anything to these stories.

Because of general mobilization, the Rotterdam grain market is closed until further notice, and while this market in the past has not been overly important, it was thought that a good many hedges had been placed there by American interests, and, therefore, such action might be more important than ordinarily.

Primary receipts today were quite large at 2,879,000 bu compared with 2,624,000 bu last week and 2,284,000 bu last year. So far this week, Minneapolis and Kansas City stocks show a net increase of 260,000 bu.

Nothing has been heard lately of subsidized exports from the United States, but it is not easy to accomplish volume because since the war scares started, on August 24th, October wheat at Liverpool has actually declined 5/8 pence per cental. Considering the sharp break in sterling, this actually means a fall of 4 1/2¢ per bu in the price of wheat. The more deferred deliveries are actually off 5 to 5 5/8¢ per bu; so with our price about stationary, it puts us just that much further out of line.

Trade assumed much smaller proportions; nobody seemed to venture far from base, possibly figuring that overnight developments might come as a surprise either way. However, with no spirited buying, and great weakness at Winnipeg, with country marketings over 7 million bu, our market closed lower, with the September future showing a loss of 1 3/8¢ per bu, while the December was down 1 1/4¢.

Corn was also somewhat weaker. Progress of the crop seems to be satisfactory; in fact, so much so that very little is heard by way of complaint from any of the reporters, and there has been some improvement in the carrying charge fromSeptember to December, with the belief that there may be pretty fair deliveries here on the first of the month.

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CHICAGO MERCANTILE EX.

CHICAGO August 30, 1939.

Probably for the first time in his political career, Hitler has met determined opposition, and has, therefore, slowed up somewhat his aggressive action. Various factors may be responsible for this. Possibly he recognizes that a war with the democracies would be of long duration, and his country is notably lacking certain raw materials, such as coal, iron, copper, gasoline, and most vital foodstuffs. The German people have been rationed as severely as they were during the final weeks of the World War, and this means great sacrifice. Before 1914, the German people held about $8 billion in foreign securities, and many of these assets, in addition to their gold reserves, could be used when necessary for purchases from neutral nations. Today the picture is far different. There is some disappointment because the pact with Russia has not been officially ratified by the Russian Cabinet, and apparently, Germany does not feel entirely secure in the recently made friendship.

While much is taking place behind the scenes, it is claimed that Britain's reply to Hitler will be sent today, and will be so worded as to require an answer. During this interchange of diplomatic negotiations, the British are showing themselves more statesmanly and firm. This probably means that Hitler is losing cast with his own people and seems less positive that even the devout friendship with Italy is as strong as it was during peacetime. All these things hint that the chances for war are much less certain than they were a few days ago.

As a result, Liverpool quotations were quite weak this morning, with the close 5/8 to 1 3/8 pence off from yesterday. October wheat in our money is selling at only 49 1/2¢ a bu, or nearly as low as anytime in history, showing that the trade is giving more concern now to statistics than to politics.

The feeling in Europe is not at all bullish on wheat. The various countries believe that if there should be a general war, the governments would step in and take control. They would monopolize the business in such a way that it would affect the mills, and therefore, actual users are not inclined to take on large quantities of grain on a speculative basis, because the chances are that they would not profit in the event of hostilities, as the government would take over the grain. They figure that if there were no war, the market would probably go lower; consequently, there seems very little incentive for the time being.

Broomhall figures that the world wheat surplus is 112 million bu more than at this time last year, and reckons that world's shipments will be in the neighborhood of 584 million bu during the coming season, so that in spite of smaller crops in Europe than a year ago, total takings would be 17 million bu less. There was a report from Canada that the British government had agreed to purchase a fair quantity of wheat direct from the Canadian Wheat Board, probably somewhere between 5 and 10 million bu, but if the Canadian crop is in excess of 400 million bu, as many figure, this is a mere drop in the bucket.

Toward mid-session there was another political scare, Hitler demanding that an emissary from Poland go to Berlin to discuss Polish territorial concessions, and this rallied all North American markets considerably.

Reports from the Argentine are fairly favorable. Colder weather was desirable and light rains fell over wide areas, which will help to check deterioration; however, good general moisture is still needed. In Australia, private observers estimate wheat acreage at 13 1/2 million, which is a reduction from last year. However, crop conditions are generally favorable.

Primary receipts today were fairly substantial --1,818,000 bu versus 1,532,000 bu last week, and 2,220,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 26,000 bu.

The market continued nervous, although volume was not particularly heavy. At the last, September wheat showed an advance of 1/4¢ a bu, while December was unchanged.

Corn was very little changed from the previous session. A fair number of spreading orders fromSeptember to December were filled and we look for substantial tenders on September contracts.

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CHICAGO MERCANTILE EX.

CHICAGO August 31, 1939.

With extreme turmoil in practically every European country, it requires great reserve to attempt any definite forecast of future events. Some of the headlines in our newspapers were rather sensational because London schools and institutions had been evacuated. However, this was simply a precautionary measure, just as though a typhoid epidemic had broken out, or possibly it was to show Hitler that the British are in earnest this time. In the same way, patients were removed, where possible, from Berlin hospitals, and every precaution taken in the event of hostilities. However, Germany and England are still exchanging views, and apparently, the situation is not beyond the negotiation stage. During all this time, Poland is remaining as calm as possible, considering the number of border incidents and the general tenseness under which the populace is living. While we are not getting the full text of all messages between the belligerent countries, it seems that the German Chancellor is still demanding that Danzig and the corridor be returned before peace negotiations are discussed. Probably the one encouraging factor in the whole situation is that Hitler himself is taking the initiative in opening further discussions with Britain; in fact, he has continued these for several days, and possibly, he is less eager for war than seemed to be the case a week or so ago.

In London the stock exchange was closed and various commodity markets also are marking time, pending further developments, but the grain exchanges were still functioning and while the advance this morning amounted to 1 5/8 pence per cental, it was a rather unresponsive cable when interpreted in cents per bushel, as the actual change in our money showed only a gain of 1/4 to 1/2¢. Taking into account that there are practically no offerings from North America and the Argentine offerings are more firmly held, and also, considering that the freight market has advanced considerably, we regard the action of Liverpool as somewhat discouraging, with October wheat in the face of all these realities only quoted at 50¢ a bu.

When our market opened, buying orders predominated and moderate advances took place, particularly with greater strength at Winnipeg, where apparently the smallest fluctuations influenced the price.

While it is true that we have had a war scare now for nearly a week, the volume of trade has not increased very appreciably, and yesterday only 25 million bu were traded in the wheat pit, including all the spreading orders. Likewise, in securities, the volume remains fairly small, and apparently nobody has definite enough ideas to take on heavy commitments. The total open interest in wheat is under 96 million bu; this is about 2 million bu smaller than on August 23rd, when the political excitement first started. Therefore, it is obvious that some prefer to even up trades instead of taking on new engagements.

Primary receipts today were quite large at 2,130,000 bu versus 1,896,000 bu last week, and 2,137,000 bu last year. So far this week Minneapolis and Kansas City stocks show a net increase of 166,000 bu.

Most of the activity occurred right after the opening, and while markets held firm throughout the session, volume was rather disappointing. We still figure, based on the last crop estimate and allowing for a carryover of 125 million bu next July, that there still remains 150 million bu of wheat for export in this country, and unless great changes take place we may have a larger reserve at the end of this crop season than is expected. At the moment export sales are very small, and in the event of war we think that England would rely largely upon Canada for her supplies. At the last September wheat showed an advance of 3/4¢ per bu, while December wheat was up 1 1/8¢ per bu.

It looks as though deliveries on September contracts may be close to 3 1/2 million bu tomorrow.

Corn was slightly higher, but there was no particular feature to this cereal; strength in wheat was a factor, and receipts from the country are just moderate. We believe the carryover will be tremendous, and crop prospects on the whole remain favorable.

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CHICAGO MERCANTILE EX.

CHICAGO September 1, 1939.

It was reported at dawn this morning that German troops had crossed the Polish border, and attacks were made from East Prussia, as well as on Poland's west border, while airplane raids were made on many cities. Up to this writing war has not been declared, although France has proclaimed a state of seige due to invasion of Poland, and mobilization is taking place on a gigantic scale. Just while writing this letter, Mr. Chamberlain is before the House, and at the outset of his address he has made the statement that action rather than speech is required now. Hitler in trying to justify the action of the German government has claimed that violations had occurred along the frontier, and this apparently was the only reason given why armed forces had gone into action. Both Houses of British Parliament are now in session, and the situation is extremely tense to say the least.

It is not surprising, therefore, that all security and commodity markets had been vitally affected. Developments may still change, although the present outlook makes it appear more likely that an outbreak may take place before long.

As far as the wheat market was concerned, the deferred futures advanced the full permissible limit of 5¢ per bu right at the opening, and there was very little trading during the remainder of the session owing to the fact that just a few scattered selling orders appeared. There was, however, considerable trading in the September deliveries of all grains, as during any current month the nearby future is permitted to fluctuate within a wider range than is permissible at other times. Consequently, those who had sold grain or flour overnight had to protect themselves, and about the only thing they could purchase by way of covering hedges was September wheat, September corn, September oats, or September rye. Therefore, the cash futures closed at nearly the highest levels of the day.

It is impossible to give very much advice with such great uncertainties, as we have before us. The chances are that for psychological reasons commodities of all kinds will advance if war is actually declared, but there are always some that have more merit than others. We still recall that during the Great World War in 1914, coffee was the one article that hardly went up in price because it had been over-produced. With the great world wheat surplus such as exists at the present time, unless a war of prolonged duration takes place, we are not at all sure that such tremendous advances will occur.

Meanwhile in this country Secretary Wallace appears ready to take emergency steps to prevent speculation in foodstuffs, and has also claimed that a war situation might change the crop control program for next year. Officials have stated that while the United States now holds ample supplies of practically all commodities, an increased cash demand from abroad might make it necessary to step up production of some of the products. This stepping-up of production probably would be accomplished by paying additional benefit payments through the soil conservation program to farmers for increasing their plantings of commodities.

So much of the European news is being strictly censored that one cannot write an intelligent market letter at this time! Deviating from our usual policy of furnishing the trade with statistics, we are omitting this part of the letter today, as the main interest now centers upon political news, and advances were due entirely to the latter factor with the result that the ordinary trade factors were entirely ignored.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 5, 1939.

With actual war declaration, censorship is now operative, at least to some extent, in most European countries. Everyone has access to the same news which appears in our newspapers and comes over the radio, but the trade is speculating as to what price various commodities are worth in view of the world's new demand, as manpower in the belligerent countries will be taken from the fields in order to undertake military pursuits. It is also recognized that wastage is greater in warfare than during peacetime; and lastly, many are fearful of the sinking of ships, such as took place during the last European war, when one out of ten boats filled with grain never reached its destination. Possibly England's supremacy on the seas could alter this, and very likely the tremendous surpluses which have been built up may also create a far different picture from the one in 1914. In any event, a war psychology meant that bakers, millers, dealers, and speculators alike wanted to buy, and with the trading limit in wheat only 5¢ per bu in a single day, which was reached right at the opening, operations were almost at a complete standstill

There is very little attention being paid to statistics, and because of hostilities in Europe, the Liverpool market has been closed indefinitely, with all transactions evened up on basis of last Saturday's prices. Henceforth, we understand that both buying for import needs, and handling of domestic business in Britain will be conducted by the government.

It seems that on Saturday the open interest declined nearly 5 million bu. There were a good many people who were rather hesitant in their war beliefs until the first shot was fired. Issuance of bread-cards a week ago in Germany indicated a certain peril to the supply situation; furthermore, Germany was lacking in so many war essentials. With her own iron production only about 35% sufficient, many were wondering whether Hitler would take the final step; even with Russia willing to help, transportation difficulties make large imports fromthere improbable. It is also questionable whether the entire Rumanian production of oil would supply half of what Germany needs. We could continue along this line for many other articles, but that is unnecessary now, as War has begun.

There were unquestionably hundreds of buying orders in the pit which were not satisfied, and what the situation will be tomorrow nobody can tell, except that as prices advance further there are apt to be supplies released from the government loan, and once the selling starts the entire psychology might change. Therefore, all forecasts are shrouded with uncertainty. The same to some extent refers to all other cereals that are traded here on the Exchange. When an article is impossible to buy, the demand increases; itis very much like a crowd of people in a room who make no effort to leave while all the doors are unlocked, but the moment the key is turned everyone wants to escape. We believe that once a key can be found to open the door, a more two sided market will prevail.

The visible supply of wheat showed an increase of 2,529,000 bu, with total supplies in all positions practically 150 million bu. This is practically 30 million bu more than was on hand a year ago. Chicago stocks also showed a gain for the week --the actual amount being 394,000 bu, and there is now 13 million bu locally held. The primary movement kept up pretty well, at 2 1/2 million bu, but there were very few traces of cash wheat being sold, probably due to the great strength in the futures market.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 6, 1939.

In the past, every grain trader on reaching his office in the morning had invariably asked the question, "How are Liverpool cables?" This European market, while not excessively large, and in fact, rather small in comparison with the trade here, was nevertheless the pulse of European prices. It is only natural, therefore, that one should have tried to get the tendency of the European demand by asking such a question. Since the declaration of War by Britain last Sunday, the Liverpool market has not functioned. We understand that it will be closed indefinitely; therefore, the trade on this side must accustom itself to other factors. Apparently, this is easy for the time being at least, because a war psychology has prompted a rush of buying that caused sharp advances in various foods, metals, rubber, and textile industries.

During the last European war in 1914, inflationary tendencies and sharp advances in commodities took place almost all along the line, possibly with one exception, which was coffee, and the latter failed to appreciate in value because it was overproduced. We have pointed out in our previous letters that prior to 1914, Canada, Australia and Argentine were relatively unimportant in the quantities which they could furnish to the importing world; but this has all changed now, and after the first buying rush is over, it remains to be seen what the secondary effects will be. It is not only speculators who have been active, because millers and processors alike have had a tremendous demand for their products, and the covering of hedges was not very easy in a market that has been limited by a daily curb on fluctuations. The chances are that from some point selling orders will appear, and then we may have the same experience on the downside,as these narrow trading limits seem to attract orders almost as a magnate would, because a great many people feel compelled to protect themselves when nearing a certain limit for fear they may not be able to trade a few minutes later, and to this extent markets are more artificial than they would otherwise be.

For the first time today, prices have advanced considerably above the government's loan level. While probably not much wheat has been released so far, the chances are that after the first substantial break a good deal of it may come out, and thus give us larger supplies on the open market. In other words, less will be impounded than before the war started.

There is yet very little talk of export business, and insurance rates on marine cargoes were boosted almost to prohibitive levels yesterday by local marine underwriters. With the sinking of several vessels to-date, this is quite natural. Finally, of course, the British government will have to take measures to protect exporters, just as was the case during the last war. England has been piling up emergency reserves for sometime, and with an enormous crop about to be harvested in Canada, there is no worry on that score. Also in France, there is more than an adequate supply for both civil and military purposes, and there is probably 50 million bu of wheat left over from last year's crop, which could be held for a military reserve, as the present harvest will take care of all current needs. This being the case, there is very little likelihood that France may purchase any wheat this year from the Argentine, where there is still a big surplus, and within a few months another crop will come to market.

Primary receipts were fairly substantial at 2,515,000 bu versus 1,813,000 bu last week, and 1,966,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 945,000 bu. Trade was small again, because the upward limits were reached right at the opening, but some selling orders came into the pit; and therefore a fair volume of business took place. During the session, the Winnipeg Exchange announced that henceforth margins on wheat would amount to 30¢ per bu, which, of course, will curtail new business considerably, and with upward limits also reached, it was difficult to close out old transactions.

Corn advanced the 4¢ upward limit, and trade, therefore, was restricted, while oats and rye reacted for a time under the limit peg, and this permitted buying orders to be executed.

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CHICAGO MERCANTILE EX.

CHICAGO September 7, 1939

A week ago tonight, December wheat closed at 68 1/2¢. At that time there was some fear that war might occur, but yet, hopes were expressed that Germany might not take the fatal step. An advance of about 20¢ a bu in the interim has taken place, and very likely discounts much of the news to date. We regard the price as debatable, although recognize that possibly the actual conflagration in Europe may have set off the inflation spark which had been inspired here by the 59¢ dollar, but which, nevertheless, had not yet manifested itself, at least not so far as the commodity price level was concerned. Those who had bought wheat were probably impressed with the action that took place during the last World War, when sharp rises occurred from 1914 until the completion of hostilities.

We have so many factors at the present time to consider that it is not easy to come to any definite conclusions. Nobody knows yet what action our government will finally pursue with regard to next year's acreage; nor can it be stated with any degree of certainty whether there will be a fair export business from this country, or whether England will give preference largely to her own colonies, buying first in Canada and later on from Australia. This, therefore, makes forecasts almost impossible, because even with the subsidy we may not be able to accomplish what seemed likely earlier in the season, by way of reducing stocks domestically and having a smaller carryover than we had last July.

Fortunately, trading restrictions were liberalized in such a way that today's prices were a truer reflection of actual merit. When both longs and shorts learned before the opening that a 10¢ range, both up and down, had been instituted, there was profit-taking, and apparently, very few shorts were there to cover commitments, with the result that December wheat sold nearly 5¢ a bu below last night's closing level before new buyers entered the field. Fluctuations were extremely wide, and new margin regulations on speculative transactions compelled commission houses to call customers 18¢ a bu, which no doubt will result in more conservatism as time goes on.

The flour demand had apparently improved during the period when our market had become frozen, and the accumulation of this business resulted in considerable removal of hedges here, so that finally prices advanced. According to the Northwestern Miller's report, bookings during the week equaled 165 per cent of capacity in the spring wheat belt, versus 93 per cent a year ago, and in the Southwest, new orders were 78 per cent of capacity, compared with 44 per cent last year. However, shipping directions were enormous because demand by housewives had advanced prices as much as a dollar a barrel during the recent excitement.

There was also reported Continental buying of Manitoba wheat, and with Winnipeg relatively strong, it created a sympathetic bulge in this market. It is claimed that the CCC holds title to only 4 million bu of wheat, and therefore, very little liquidation should be expected from that source.

Canadian prices have advanced much more rapidly than ours, but a part of this at least is due to the discount of Canadian funds, as the Canadian dollar is about 7 per cent discount in sympathy with weakness of the British pound sterling, while a few weeks ago their money was about on equal parity with ours. Taking 7 per cent of 85¢, this amounts to almost 6¢ a bu, and must be considered in figuring the relationship of Winnipeg futures compared with ours.

At the last September wheat advanced 2¢ a bu over the previous close, while December was 1 1/4¢ higher.

Corn reacted early with heavy selling at times, but war psychology brought buying into the pit, with the close at big gains over the day's low level, and also, at an advance as compared with yesterday.

Today's primary receipts of wheat were smaller at 1,426,000 bu versus 2,130,000 last week, and 1,271,000 last year.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 8, 1939.

Imports of wheat and flour into the United Kingdom last year amounted to 247 million bu. This undoubtedly was somewhat larger than would have been the case had there not been the desire to build up extra reserves for war. However, some of the additional supplies have lately been drawn upon as recent sales from North America have been rather small. We find that since August 1st total shipments to Europe are about 11 million bu smaller than they were the previous season; ex-European nations took about 1 million bu more. There can be no doubt as to the fact that supplies in exporting countries will be more than ample, even admitting that one out of every ten ships may be torpedoed and never reach its destination, as was the case during the last WorldWar.

Some bearish news came out late yesterday when the Winnipeg Free Press indicated a spring wheat production of 452 million bu, which would make the entire Canadian crop about 475 millionbu; or in other words, the biggest since1928. An official estimate will be made later today.

It appears more than likely that North America will be called upon to furnish rather substantial quantities this coming season. The chances are that grain will be shipped under the convoy system, and since it would take very much longer to bring Argentine, Australian or New Zealand wheat to Europe, there might even be a pretty fair demand for United States varieties, as the Canadian wheat is extremely high in protein. After Britain becomes better organized they may take fair quantities from our country, at least for mixing purposes, although this also will depend upon freights, which at the present time are very scarce.

The trade continues to feel rather bullish, andwar psychology has given the market considerable impetus, with advances of 25¢ per bu from the low point of the season, but yet we feel that with tremendous supplies still left in the Argentine, and good progress being made by the Southern Hemisphere crops that we may have a more two-sided market from this time on. The stock market has shown tremendous gains; while the so-called "war babies" have benefited the most, others have also been helped, because it seems impossible to think that a war of long duration can fail to effect a greater use of our huge credit surplus. To be sure, the national debt is large, but it has increased rather than diminished the volume of bank credit available, and this has also been backed by the unprecedentedly large holdings of both gold and silver. It cannot be denied that inflationary tendencies are present in all great countries, and while the full effects have not been felt much up to the present time, war often sets off the spark, and the costs of carrying on hostilities run into almost incalculable sums, which become progressively greater day by day. In spite of this, there is apt to be some hesitation in commodities which are overproduced, at least until the world passes from an economy of surpluses into an economy of deficits.

Today's firmness was shortlived. Markets gave every evidence of being overbought, and apparently yesterday's rush of buying orders satisfied those who had been unable to buy the last few days. Furthermore, there had been some exaggerations about the big flour business, and some millers claimed that there were disappointments that the volume had not been bigger. Winnipeg was also weak, and we wonder whether new buyers can be found to carry hedges if they have to pay 30¢ per bu margins for this privilege. In fact, with such an enormous crop, Canada may stillhave some difficulties unless there is a large and persistent export demand.

(OVER)

Primary receipts were 1,884,000 bu, or practically the same as last week when they amounted to 1,849,000 bu, and 1,861,000 bu last year, So far this week, Kansas City, Minneapolis and Duluth stocks show a net increase of 2,200,000 bu. We shall probably witness another gain in the visible supply on Monday, which will compare with last year's increase of 3,983,000.

At the lastSeptember wheat showed a loss of 3 1/4¢ per bu, while the December was 3 1/8¢ per bu lower, but trade was very much smaller than yesterday. We understand tha t temporarily the wheat export subsidy had been withdrawn, and no definite farm programs are being announced, except that shortly Secretary Wallace will probably decide upon the acreage goal sought for wheat.

Corn was under greater pressure, and at no time sold above the previous close. We believe that the short interest has been greatly cut down, and new buyers are more hesitant.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 11, 1939.

There was nothing new in the European war news over the week-end to influence grain prices one way or the other. Canada formally declared war on Germany, but this had been more or less expected. Troop mobilization in Russia was claimed to be of a precautionary nature due tothe Polish-German conflict near her border. Our market opened firm, while Winnipeg was weak, and without Liverpool quotations to guide us, and in the absence of any large European buying, it is almost anybody's guess as to what the first quotations are likely to be. The sharp advances last week, both in securities and commodities, suggested that the public was of the opinion that values would closely parallel those of 25 years ago when Europe became engaged in war. We have pointed out that at least insofar as wheat is concerned, appraisals should take certain fundamental changes into consideration, because existing conditions are far different from those in 1914.

There has been little comment thus far as to the recent decline of sterling exchange and how it might finally affect price levels in this country, but we believe that it has a rather important bearing upon European purchasing power; in fact, sterling has great influence on international trade in general. At the outbreak of the World War, when British nationals converted funds and property from foreign lands to their own country, sterling went as high as $7. During the first years of the war, the rate seldom dipped under $4.70, and in fact, in 1917-18, it was pegged at $4.77. Last week the Bank of England officially fixed the rate within range of $4.02 to $4.06, which in turn means that the purchasing power in Britain has declined. Since the U. K. normally is the largest importer of goods and materials, they have to buy in those markets where they can get the best values, and where they can conserve foreign exchange.

World shipments this week were 10,267,000 bu, or about the same as last year, compared with 7,219,000 bu last week. We find that since August 1st, Britain has taken one million bu more wheat than a year ago, and 1/2 million bu less flour, but apparently, there can be little anxiety over future supplies, as the Canadian crop is now officially estimated at 449 million bu compared with 161 million bu in 1914. In other words, Canada could almost take care of Britain's import requirements for a two-year period. The Agricultural Marketing Service at Washington estimates that, exclusive of Russia and China, the total world supply of wheat is approximately 5,370 million bu, while the 1914-15 world supply, excluding the same two countries, was less than 3 1/2 billion bu. Of course, populations have increased considerably during that period, but nothing in comparison with the larger quantities now on hand. However, there are other factors to be considered: namely, wastage on the battlefield, and possibly next year curtailed production in France, should the war last that long, which would mean that some of the nations which are self-sustaining for the moment, might have to import later on.

Early indications pointed to a small Manitoba business, but freight brokers all claim that little space has been booked, and that shippers have advanced cargo prices very materially.

The visible supply of whea t showed a moderate decrease of 411,000 bu; total supplies are now 149 1/2 million bu, or nearly 26 million bu more than in 1938. Chicago stocks showed a big decrease of 854,000 bu, and there is at the present time 12,202,000 bu locally held. Primary receipts were 1,463,000 bu; last week there was a holiday, and a year ago they were 1,880,000 bu.

Sentiment was rather bullish, and at the close there was a gain of 1 3/8¢ per bu for the December wheat while the May delivery advanced 1 1/2¢ per bu.

Corn was firm during most of the session, with the visible showing a decrease of about 2 1/2 million bu. However, the new crop is progressing satisfactorily, and with hot days and cool nights a fair portion of the crop is said to be out of danger from frost. According to one authority, the corn belt in Illinois will produce the largest crop of good quality grain that was ever raised.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 12, 1939.

December wheat sold at the lowest price today since war started. Apparently greater conservatism has set in after the first rush of buying orders had been satisfied. Psychology is a peculiar thing. During three or four sessions, when the upward limits were reached and purchases could not be made, millers, consumers, and speculators alike were bidding for wheat. This cleared the market also of many short commitments, with the result that more attention is being directed again to the statistical position of grains.

The government report, which was issued late yesterday, forecast a crop of 736 million bu for the United States. This is only about 5 million bu more than the August figure, and would ordinarily not be important, but it was a reminder that we have raised more than sufficient quantities for home consumption, and with the sizable carryover we must export fair amounts if very high prices should finally take place. There is, of course, always the hope that Britain will take a certain portion of our wheat, at least for mixing purposes, because Canadian varieties, being so high in protein, require the admixture of lower grades, and it would probably be more practical to obtain these from here under a convoy system than by attempting a longer haul from the Argentine. Nevertheless, Britain has laid away pretty fair quantities as a war reserve, and it may take time yet before the buying agencies are mobilized, so that the speculator may have to carry the load in the meantime.

Just to show how plentiful supplies are in certain parts of the world, we call attention to the fact that Argentine shippers are selling substantial amounts of wheat to Belgium, and while Broomhall does not give the price of the grain delivered, he understands that Rosa Fe, 64# wheat, FOB the steamer, is available at approximately 48¢ a bu.

Possibly another factor which caused greater conservatism today was a statement from Washington that officials considered the sharp fluctuations in commodities unwarranted, and it was decided that the War and Navy Departments would not enter the market until stabilization of prices had set in. There had also been an abrogation of domestic sugar quotas, with the result that the futures market in New York met with considerable liquidation, and all deliveries declined the 25-point permissible limit at the opening of the market.

It is our opinion that wheat is worth more money than before the war, and we have mentioned repeatedly that wastage and destruction were bound to create a larger absorption. War risk insurance on cargoes is about 7 1/2 per cent, indicating that possibly one out of every thirteen steamers is not expected to reach its destination. In spite of these factors, there is so much wheat held by surplus countries that we feel in any event, advances, if they occur, are bound to take place more slowly. If the war should last for several years, as is now indicated possible by the British Admiralty, then, of course, the reduction of European acreages, with manpower limited, would necessarily mean heavier imports for next season; but this is still a long way off. We believe the public must feel somewhat the same way we do, and the total open interest in wheat, as of last night, was only 76,728,000 bu, or a reduction of approximately 18 million bu from the high point. Of course, there are many restrictions upon the grain trade, such as the reporting of lines and the inability of any one operator to carry over 2 million bu, and this in conjunction with the advance in margins gave us a trade yesterday of slightly less than 23 million bu in the wheat pit, even at a time when more than 4 1/2 million shares of securities were traded in New York.

(O V E R)

Primary receipts were 2,607,000 bu versus 2,493,000 bu last week, and only 1,133,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 472,000 bu.

After the first transactions, the market became more quiet. There was some selling of September wheat against purchases of December, which widened out the carrying charge slightly. At the close there was a loss of 1 3/4¢ per bu for the December future, while the May wheat declined 1 1/2¢ per bu.

Corn was influenced by the government report, which was somewhat bearish. Adding the carryover, which will probably be in excess of 500 million bu, we shall have total supplies of 3 billion bu or more, so that even with fairly large amounts impounded because of government loans, there will probably be sufficient supplies for the free market.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 13, 1939.

Napoleon once stated, "Armies march on their stomachs", and this has been true in practically every war; next to munitions, foods are second in importance. Sometimes in the wake of War, we find, following the destruction of manpower and property and the devastation of farm lands, that there is a period of agricultural rehabilitation before normal conditions are restored. History reminds us that such a state of affairs prevailed at the end of the Napoleonic wars, in consequence of which prices of foodstuffs and many other allied products rose to unprecedented heights. Later on, the Civil War brought about extremely high prices in spite of the fruitfulness of the Mississippi Valley. It was about 13 years after the close of the war before commodity prices again settled to the level that had previously existed.

Most people in the trade are referring only to the last World War, and, therefore, it might be interesting to review the situation just prior to 1914. At that time, conditions were normal and just about ideal. On an average the world produced very nearly its annual requirements. In years when one or two countries had short crops, supplies at the end of the season were very largely depleted, and in years of plenty, they were moderately increased. Wheat brought a fair price in every country, and yet, not high enough to stimulate production to an extraordinary extent. At that time, the U. S. and Russia were the largest exporters, each vying with the other for predominance. One year the victory belonged to one and in another year to the other. A few small countries added to the supplies for the importing countries in more moderate degree, such as the Balkan States adjacent to the Black Sea, Australia, and Argentina, but none of these were great factors. Canada contributed only small quantities. With the outbreak of the War and closing of the Dardanelles, everything was changed. Russia was at once removed as an exporter and this was a very important factor. After a while, waste on the battlefields became very great, consumption by the armies increased, and ships were torpedoed which were carrying foodstuffs across the ocean. Later on, when France was invaded and her territory occupied and her manpower largely engaged either in fighting or manufacturing munitions, wheat production generally decreased. But this was not all. The United States made a strenuous appeal to her farmers to increase their production and finally guaranteed the price of wheat at about $2.26 to raise enough food for the allies. In spite of these great efforts, when the war was over, supplies were extremely small and it was about 1921 before the world raised sufficient quantities for its requirements, when as a matter of course, a decline in values started.

For the last several years war had been more or less expected. Reserve supplies were built up. We had the largest world carryover on August 1st on record. This, together with an enormous crop in Canada, and a big reserve in the Argentine suggest caution, at least, for the time being, and regardless of what may develop later on there can be no shortage for sometime to come. The easing of trading restrictions last week resulted in a much better demand for flour bookings, which were large after a brief deadlock. In the spring wheat region, new business was 263% of milling capacity, and in the Southwest region, about 135% of capacity, according to the Northwestern Miller, although the last day or so the demand has become poorer. There has also been some improvement in the export flour business, particularly to Central America and the West Indies, but all this is not surprising in view of war psychology.

Our market opened firm and advanced, which was due not only because of the great strength in securities recently, but buying was also stimulated as the Administration has given its approval for higher farm commodity prices, which are claimed to be below proper levels. There had been a great deal of discussion as to how the brakes might be applied if commodity prices advanced too sharply, but

(O V E R)

the President, in his Press Conference, claimed he is watching the situation, and in the case of wheat, he pointed out that the present price is below parity in relation to the things the farmer is buying; he remarked that a parity price for wheat would be around $1.16 to $1.20 a bushel.

Winnipeg wheat margins were reduced from 30¢ to 20¢ a bu, but we doubt whether this was much of a market factor. Foreign demand for grains was generally quiet, although a few sales of Manitobas were reported and we hardly expect anything important until the British buying agencies have been properly organized.

Primary receipts were rather small, at 1,334,000 bu versus 2,515,000 bu last week, and 1,655,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 25,000 bu.

As the session progressed more buyers came into the pit, and new pressure was extremely light. We also received impetus from the securities markets, where apparently there was a more general advance than heretofore, and buying was not restricted entirely to the "war babies". At the last December wheat showed an advance of 3 3/8¢ per bu, while the May wheat closed 3 1/4¢ per bu higher.

Corn, as well as other cereals, did better, and the general buying wave seemed to spread to other pits, with the result that closing prices were at almost the best levels of the day.

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CHICAGO MERCANTILE EX.

CHICAGO September 14th, 1939

There was nothing new in the war news, although reports emanating from Moscow indicated that mobilization was taking place on a full wartime basis, and it was estimated that at least 4 million men were under arms. The massing of troops was not alone on the Polish frontier, but along Russia's entire border from Finland to Rumania, and it seems that the Germans are no more able to explain this action than the allies. There has been much discussion about Russia because of her recent alignment with Germany, but it must be remembered that it has been Russia's policy to render herself as independent as possible of foreign supplies and to achieve a balance between the production of raw materials and foodstuffs and her domestic requirements. While it is true that Russia is one of the leading producers of grains, fats, iron ore, manganese ore, oil, timber, and other materials, her exports form a comparatively small and declining proportion of total production. In fact, Russia has been in the habit of exporting only sufficient to pay for her imports of essential raw materials and capital equipment. Because Russia is so prolific, she is scarcely producing enough foodstuffs for herself, and the standard of nutrition of her population is still comparatively low. In recent times, the policy of their government has been designed to raise the standard of living rather than to expand exports.

So far as industrial raw materials are concerned, there seems to be just a small surplus, except manganese, asbestos, oil, timber, and a little cotton. On the other hand, Russia is short of other steel alloys and most of the non-ferrous metals, despite the enormous expansion in production. Even if it would be Russia's aim to supply Germany while economizing at home, the volume of trade between the two countries would be severely limited by lack of transport facilities. It might even take years of preparation before Russia could supply some of Germany's principal deficiencies, in which case it would only be possible if large credits were granted.

When our market opened this morning, buyers predominated. This has been the case now for several sessions. The farmer is selling his products rather reluctantly and seems to be influenced also by the war psychology. While there has been no important export business from here or Canada, the chances are that we shall have to wait until the convoy system has been perfected, and until the British buying agencies can function in a satisfactory manner. The sharp break in sterling exchange this morning would ordinarily be somewhat bearish on our price level, because it reduces the purchasing power of the English people. But in view of the fact that they have to buy war necessities, this is probably not important at the present time. It is, however, a fact that with Canadian funds about 10 per cent discount under the American dollar, England can buy grains more cheaply in Canada, and for that reason we may not sell as much wheat as we should like, unless export subsidies come into play later on.

Russia is offering practically no grain, and this may be due to the fact that they are building up emergency reserves, although it is also likely that because the entire Volga region suffered from excessive heat and dryness, this year's surplus has been greatly reduced.

There are a good many factors which add to the uncertainty. In Australia, for instance, the wheat crop will be purchased by the Commonwealth for the remainder of the war and marketed through a compulsory pool. In this way the government will acquire immediately all supplies, which will be sold at ruling prices; but whether they will do as large a business to the Far East as ordinarily, remains to be seen, and any reduction in that direction might create a bigger demand for our Pacific Coast wheat.

(OVER)

Primary receipts were 1,546,000 bu versus 1,426,000 bu last week and 1,290,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 289,000 bu.

The Canadian market was strong, possibly due to weakness of their monetary exchange. On basis of the last government estimate, adding carryover, they have 551 million bu, and deducting home consumption, there still remains 451 million bu for export and carryover of which about 13 million bu have been shipped overseas. This still means that 437 million bu are available, and certainly it is a tremendous quantity, even with war. As for the United States, allowing for a minimum carryover next July of 125 million bu, we could still furnish importing countries with 145 million bu. It hardly seems likely that North America will furnish anything nearly that large.

With weather in our Southwest still dry, there was moderate buying here, and prices advanced, with December wheat closing 1 3/8¢ a bu up from the previous close, while May wheat advanced 1 1/2¢ a bu. We still believe that extreme caution should be exercised in buying wheat on bulges.

Corn was strong at times, but best prices were not maintained. It seems that everybody wants to be long something on account of the war, but should there be a selling movement, we believe prices might react sharply, as there are very few shorts anywhere.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 15, 1939.

There can be no doubt that war creates an entirely different psychology, and forces other than supply, such as inflation, are at work and can eventually have a dominating effect on the price structure. However, it behooves anyone interested in markets to analyze and appraise conditions surrounding various commodities. In studying the wheat situation at the time of the last World War, and in trying to compare it with the present conflagration in Europe, some rather interesting, if not amazing, figures are disclosed. It is a well-known fact that at present stocks of wheat are of record proportions in the world, and all countries have laid in large war supplies. Contrasting the present situation with that at the outbreak of the war in 1914, we find that during the years preceding, Russia and the Danube supplied approximately 200 million bu annually to importing countries. Immediately at the outbreak of hostilities, both of these sources of supply were cut off and the shortage had to be made up by other exporting countries. Prior to 1914, the United States and Canada combined supplied close to 200 million bu per year. Immediately following the outbreak of the war, shipments substantially increased. In the crop year of 1914-15, they jumped to 393 million; in the following year to 482 million bu, and in the crop year 1916-17 they totaled 365 million bu.

However, during that period, total world shipments did not vary a great deal from what they had been in peacetime. As the war progressed, crops in Europe diminished. The whole of Europe, excluding Russia, for a series of years prior to the outbreak of hostilities averaged about 1,260 million bu, and by 1917 these crops were down to approximately 865 million bu, One of the largest reductions occurred in France where formerly they had produced about 300 million bu, in 1917 their crop only totaled 135 million bu. Even with this decrease in production, it is surprising to note that world shipments which for a period of years prior to the war averaged slightly less than 600 million bu, showed no great change for the first three years of the war, totaling 524, 596, and 524 million bu respectively. Apparently, even though food is a necessity to a warring nation, great economies must have been practiced in the use of wheat. The advance in price no doubt played some part. The crop year of 1917-18 found greater difficulties, and North America shipped only 263 million bu out of a total of 389 million bu from all countries. Crops during the later war years were not very bountiful in this part of the world --Canada in 1917 raised only 223 million bu, and the United States 620 million bu. In fact, our visible supply in 1917 ran down as low as 4 million bu, and in 1918 reached the point at one time where there were only 1 million bu at all reporting terminals. At present supplies are more than ample. The North American continent is in position to supply the major portion of world import requirements for the next year. With this as a starting basis, future crops in this hemisphere will be a great influence on the price of wheat for the duration of the war.

There was not a great deal in the way of news fromEurope this morning other than what was already known. The action of Russia remains more or less an enigma; today it was announced that the Soviet government called up the first batch of conscripts under the new military service law, affecting possibly one million men.

Sterling exchange declined rather sharply again at one time during the session, but regained some of its loss. It was announced that the British will create a dual exchange rate, and that the Bank of England will no longer buy all the sterling offered at the pegged rate of $4.02. In other words, there will be one pegged rate, and one free rate. Under this policy, anyone who had acquired sterling balances prior to England's declaration of war on September 3rd, can sell it for $4.02, but if acquired after September 3rd he will be subject to the open market rate.

(OVER)

There was no noticeable evidence of any large flour sales, but our market was helped at times by the strength in Winnipeg. It must not be overlooked that part of their fluctuations are due to exchange rates. Weather continues dry in the Southwest, although our weathe man looks for some break-up in both the heat and the drought toward the end of the week, but no great amount of moisture is indicated. Advances here were not maintained, and at the close December wheat showed a decline of 1/8¢ per bu, with the May being 3/8¢ per bu lower. We still believe that extreme caution should be exercised on bulges, and any person desiring to buy wheat should wait for breaks before making new commitments.

Primary receipts of wheat totaled 1,510,000 bu versus 1,884,00 bu last week, and 820,000 bu last year. So far this week stocks at Kansas City, Duluth and Minneapolis show a net increase of 1,849,000 bu; stocks at Kansas City had decreased slightly over one million bu. We look for a possible slight increase in the visible on Monday; a year ago the increase was not very large, amounting to 2,193,000 bu.

Corn at times showed independent strength, and seems to have gained some friends on the theory that owing to the long haul of corn from the Argentine, which would have to be under convoy, that greater demands will be made upon this country to furnish corn to Europe.

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CHICAGO MERCANTILE EX.

CHICAGO September 18, 1939

As the result of war, world shipments this week were extremely light at only 6,209,000 bu, compared with over 10 million bu last week and nearly 9 million bu last year. England generally takes about half the European wheat imports, and for the last few weeks she has purchased very little grain, apparently able to get along on her reserve stocks, and trying to improve the convoy system to make the shipments safer. Continental countries also have cut down, and freight space offerings from New York to Rotterdam are very scarce, prices are held at high levels, and insurance rates also make it difficult to carry on anything like a normal business.

The International Institute at Rome estimates this year's European crop to be about 180 million bu below the previous one, but still it exceeds virtually all other years, with the possible exception of 1933. As has recently been the case, the trade paid very little attention to the actual grain news or statistics. It remained dry over the important winter wheat areas, where seeding operations had been held up in many instances, but the action of Russia over the week-end seemed to overshadow other factors.

It was learned from Moscow that sweeping gains had been made in Poland, including the complete occupation of about thirteen towns, and advances had been made more than 40 miles over the border, with Russians shooting down ten Polish planes. While Russia has claimed that her actions were in the interest of peace and to protect minorities, the only answer thus far given by the allies was to intensify economic pressure against Germany; and the press still insists that Britain and France will continue relentless warfare against Hitlerism. A great deal of thought has been directed toward the possible implications of Russia entering the field on the German side, and some were fearful at least that where a long struggle had been expected, the allies might find themselves in a weaker position after the fall of Poland, if they had to reckon also with the formidable and massive strength of Russia.

This apparently was the reason for lower prices which ruled in the securities market, including the "war babies", and finally spread to wheat, because in the event of peace, grain prices would probably settle down to the economic level that existed before the start of hostilities. With stop losses uncovered, there was a fairly substantial break at one time, and it was also noticed that the market was almost entirely bare of shorts, which probably made the decline more severe than would otherwise have been the case.

When the visible supply of wheat was posted, it showed a small increase amounting to 18,000 bu. Total stocks in various positions amount to 149 1/2 million bu, which is 23 1/2 million bu greater than a year ago. Chicago stocks showed a loss of 553,000 bu, but we believe that some of the elevators are rather anxious to make room for the corn, which is arriving in much heavier volume, owing to the shifting of supplies by the government. Today's primary wheat movement was extremely light at only 890,000 bu, which was about half as much as last year.

There was not a large volume of trade, although better than on Saturday, when only 15 million bu of wheat were traded in the entire pit. However, the open interest went down a little further, and the total is less than 75 million bu, which is rather surprising in view of war. However, if the allied countries are determined to continue hostilities against Germany, we do not look for any very sharp break in the wheat market, even recognizing that surpluses in North America remain extremely large.

At the last December wheat showed a decline of 1 3/4¢ a bu, while May wheat lost 1 7/8¢ from the close on Saturday.

Corn was somewhat weaker. Trade in the pit is rather light and while the visible declined nearly 3 million bu, there will probably be increases now as the government moves some of its grain from farms to terminals.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 19, 1939.

Many opinions had been expressed yesterday as to the possibility of a German peace offer. With Poland conquered it was felt that Hitler would sue for peace, and in his radio broadcast this morning, which lasted for 1 1/2 hours, he discussed rather emotionally the German achievements during the first 18 days of warfare and justified the German action on the grounds that the Versailles Treaty had taken important territories from the Reich, with the result that German culture had suffered. He also claimed that there was no ill feeling toward either England or France, and by implication stated that Russian territorial conquest in Poland would be confined to that country, and that there had been no other military alliances between Russia and Germany. While apparently holding out a hand in friendship to the allies, he stated that there would be no cowardly surrender at this time, and upon completion of his talk it was quite apparent that France and England would steadfastly protect the more important principles involved: namely, a blockage against further territorial acquisition by Germany.

Markets were rather nervous, with selling early by those who were inclined to look for quick peace. The stock market showed less anxiety during the early part of the session than did grains, but all markets late rallied rather sharply, and again it was a session when little attention was paid to actual grain news. There is, of course, some difficulty in getting all the statistics that are possible during peacetime, as many authorities are withholding statistics in relation to grain shipments because of war. This is particularly true of Australia, as naturally they do not want to give out information which might be helpful to the enemy in the torpedoing of ships carrying grain. Furthermore actual business is rather difficult because freights are very firmly held, and are high; also insurance rates are such that even the neutral nations do not feel inclined to take on heavy purchases. Since the subsidy on wheat from the U. S. was abolished, there has been practically no chartering of wheat space from Gulf ports, but possibly this is due also to the fact that England is buying practically nothing on this side and may hold in abeyance any program until they are fully organized in the selection of executives to handle this business; they must also wait until the convoy system has been better perfected. In this country, the new Agricultural Advisory Council met for the first time and they listened to the various departmental experts present an outline of our domestic situation. The chances are that various subcommittees will be appointed to study individual commodities, and the probable effect of war in its relation to supply and demand.

We hear that in Winnipeg trade has been greatly curtailed by the new exchange regulations, and a good many houses are not even accepting new business because nobody understands fully whether funds that are put up as margins can be promptly withdrawn and then converted to the American dollar after trades have been closed. Other customers do not want to take the additional risk of having their funds sent to Canada because the rate might vary tremendously and offset any speculative profit which might result from the grain transaction itself. The Canadian market has not yet met the real test of hedging, because probably only 20% of the wheat is being put on the market. The remainder is either being turned over to the government, which established a minimum price earlier in the season, or else the farmers are taking storage tickets, being willing to speculate that the price may be higher before the end of the season. But the movement is very large and the Canadian Pacific Railway has established a new record for the month of September to date in the haulage of grain from prairie points to the head of the Lakes.m

Despite a sharp rally from the low point of the day the close was just a shade lower than the previous session for both December and May wheat.

Corn was quite weak, and we believe that with the tremendous carryover it will be rather difficult to have higher prices, at least while the movement is onl The close showed losses compared with Monday, and trade continues rather light; we note that yesterday only 6 million bu were transacted in the whole pit.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Sept. 20, 1939.

The recovery in speculative markets following Hitler's talk yesterday was resumed this morning, and it was almost a foregone conclusion, with the stock market opening sharply higher, that grains would also advance. Mr. Chamberlain in the House of Commons replied to some of the German Chancellor's attacks that had been made yesterday. It seems the allies are fully determined to crush Hitlerism, and in so doing the British Navy and Merchant Marine will maintain the flow of essential supplies of raw materials and food to Great Britain. There were no boasts nor threats in his speech, but the purpose of the struggle was again made clear; namely, to redeem Europe from perpetually recurring fears of German aggression, and to enable the peoples of Europe to preserve their independence and liberty.

It is rather obvious, therefore, that anyone who has been figuring on a quick peace must now change his opinion, because events definitely point to prolonged hostilities. This being the case, we must again study the grain situation in the light of these events.

Conditions are far different from those in 1914. France no longer needs imported wheat; in fact, she has recently raised large surpluses which either had to be exported or denatured; this season the crop was of sufficient size to take care of home requirements, and in addition created a surplus of about 72 million bu. Italy, which has not taken sides in the conflict, will require very little imported grain; in fact, she can probably manage pretty well on her own supplies. England may take the same quantities as last year, unless she permits war reserves to decline. But taking it by and large, the allied countries are definitely less dependent on overseas grains than was the case in 1914-18, and moreover, there are larger supplies in North America from which to draw. On the other side of the picture it must be admitted, that Germany, despite a rather poor harvest, has ample stocks of bread grain for at least a year, even though she is short of fats and other foodstuffs. However, many articles have been rationed so that consumption for the civil population will be smaller.

It is difficult to say much about the Southern Hemisphere countries until we know more about the convoy system. In the last war, wheat had to be held in Australia and Argentina for such a length of time that a considerable proportion deteriorated and became unmerchantable. The present British maritime policy, now as then, is to bring wheat and flour by the shortest route to Europe, but in spite of this Argentina is reported to have sold some large quantities of wheat recently. However, with the government in that country in control they will no doubt take extraordinary measures to ship as much from their country as is possible. Little mention has been made of the new-crop outlook in Argentina, although general rains were reported this week over many sections, proving very beneficial to growing crops. It is still estimated that about 120 million bu of wheat are available for export from last season's production; and this is a record for all time during the month of September when ordinarily reserves are down to low ebb. Since the outbreak of War no figures have been released showing shipments from Australian ports. As we mentioned previously, the private trade has been restricted, and transactions are taking place through a compulsory pool. We do know, however, that generally favorable weather prevailed in that country and that the crop is making satisfactory progress.

(O V E R)

When war broke out in 1914 the Dominion of Canada had only 10 million acres under wheat, while at the present time there are 26 million acres. Due to high prices and war-time efforts, Canada gradually raised her acreage to 17 millions in 1917, but unfortunatel with the exception of 1915, rust and drought seriously affected the output. As Broomhall expresses it, "On the present occasion, there is every reason to believe that Canada and the United States combined will have enough, and to spare, for the war-time needs of the British nation no matter how many years hostilities may drag on. There is no more land under wheat, reserves are heavier, and in the intervening years, plant breeding has made such progress that many of the hazards to which plants were subject in 1914 no longer exist."

Primary receipts today were 1,159,000 bu versus 1,334,000 bu last week, and 1,168,000 bu last year. So far this week, Kansas Cit and Minneapolis stocks show a total decrease of 531,000 bu.

Best prices were made right after the opening, but it seem that there is not much help from outside investors, and locals were not sufficiently strong themselves to keep prices on the upgrade. Therefore, profit-taking caused the setback, and at the last December wheat was 1/2¢ per bu higher than yesterday, while the May was 5/8¢ per bu up.

Corn also found difficulty in maintaining bulges, and whil some deterioration has taken place in the late fields where hot, dry weather hastened maturity, it is still felt that the crop is a good one, and that almost everywhere it is now safe from any possible fros damage.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 21, 1939.

Anybody trading in wheat at the present time must be very agile, as it is necessary to listen to the radio to keep posted on last minute events in Europe on prospects of war or peace. It is also necessary to analyze quickly news that comes over the broadtape, such as the assassination of the Rumanian Premier, as to its possible implications; and one also has to be quick in changing opinions if more inflationary tendencies develop. The latter came to the foreground this morning, as the Treasury bond market became very weak, and Federal support has been withdrawn, so that many considered that monetary influences should be given greater weight. When all these factors have been assembled, the actual grain news must also be studied.

While demand at the present time is rather slow and premiums not particularly strong, there is the danger that if dry weather continues in the Southwest, seeding operations will be hampered, and that as a result next year's crop may be comparatively small. It is, of course, too early to take a positive stand on the latter question, as rains within the next three or four weeks could still do an enormous amount of good, and change the entire picture.

In the early dealings, those who figured that it was not entirely certain that all peace moves would be rejected, were on the selling side of the market. It seems that there are still important groups in Britain and France that might compromise if they thought it would be possible to set up a new European world order by agreement. There is nothing from any of the officials to confirm such thoughts, and certainly allied utterances have held contrary views, but as there are often strongly opposed ideas on matters of such importance, it is not surprising that expression is given to both thoughts.

Exporters still report a disappointing demand from Europe, but apparently it will take a few months before foreign buying commissions are established to carry on the trade. In the meantime, sales which had been previously consummated are being filled in most cases despite the war. We find that Argentine shipped 2 1/2 million bu this week compared with only 878,000 bu a year ago. Black sea shipments were 624,000 bu compared with nearly 2 million bu in 1938. It seems nothing is coming from Russia, and even aside from war considerations, it is a fact that the drought in that country continues and field work has been delayed, which may even affect winter grains. There have been practically no shipments from India since October, 1938; while a fairly substantial crop was raised, prices were evidently too low to attract wheat for export, and this is given as the main reason for the lack of trade. We still feel that England will depend mostly upon Canada during the coming season. The last official estimate up there indicated a total yield of 450 million bu, but Sanford Evans believes that in view of threshing returns, which revealed further increases, that possibly the crop has been underestimated. According to Broomhall, it is the opinion in reliable U.K. grain circles that Britain is well provided with cheap wheat for the time being, and there will be no need to pay exorbitant prices for North American wheats, despite the fact that preference will undoubtedly be given to grain with the shortest haul. The neutral countries will most likely prefer the relatively cheap Argentine or Danubian varieties, and this is borne out by the fact that a very large quantity of Plate wheat has been recently bought by Belgium at prices considerably below those which are being asked elsewhere for competing qualities. Since England will not be in a position to absorb all the surplus wheat in North America, there may be periods, particularly in Canada, of considerable pressure upon the market, although nothing of that kind exists at the present time because of government support being exerted through the minimum price level.

(OVER)

Primary receipts of wheat were just moderate at 1,130,000 b compared with 1,546,000 bu last week and 992,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 832,000 bu.

After a few liquidating orders were executed prices firmed up, and while the milling demand is still poor, there seems to be little selling pressure, and it takes only small buying to boost valu December wheat was 1 3/8¢ per bu higher, while the May also advanced 1 3/8¢ per bu.

Corn, as well as other cereals, were helped by the better sentiment which was generally expressed in speculative circles, and closing prices were near the highest levels of the day.

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CHICAGO Sept. 22, 1939.

As the grain news hardly changes much from day to day, and as we get neither foreign quotations nor foreign demand for wheat, it naturally requires other factors to influence our markets. The trade is probably watching more closely than ever the action of the stock market, because the latter is immediately influenced by world events and people who are investing their money, naturally try to analyze as quickly as possible sudden changes which are taking place. After the close of our market yesterday, President Roosevelt addressed the opening joint session of Congress, and urged repeal of the present embargo. Based on the reception of his speech, as indicated by the applause, the San Francisco Stock Exchange, which was still in session, registered higher prices. This in turn influenced Amsterdam, where the time is six hours ahead of ours, and in fact, speculative feeling was somewhat bullish in New York just prior to our grain opening. This is a rather lengthy resume, but yet, it is exactly what caused the slightly higher opening of the wheat market, to be followed only by great indifference, at least during the early part of the session.

Most people recognize that without war, commodities would be a great deal lower. This past week Argentina shipped 3 million bu of wheat, and still has a remaining surplus of 118 million bu, with only three months until supplies from the new crop are available. However, it is a question as to whether we can follow the precedent which was established in the last War, during which time shipments from Southern Hemisphere countries were very small, or whether neutral nations will continue to take sizable quantities of Argentine wheat, because of its cheapness, and thus leave North American supplies available for Britain. This is also an open question, and cannot be definitely settled for a few months during which time we shall see how successfully the ships carrying Argentine grain arrive at their destination. The lowering of insurance rates during the past two days has been a little more encouraging in favor of that business. There is a very heavy country movement of Canadian wheat, and as we have pointed out, probably only about 20% of the crop is pressing on the market, while the balance was either turned over to the government, where the farmer is assured of a minimum price and possibly a bonus at the end of the season if the federal agencies reap a profit, or else the farmer is simply taking storage tickets and speculating on higher prices. However, the point is that even with the small proportion that is on the open market, Winnipeg December wheat is now selling at nearly 11¢ under Chicago, and if we make allowance for the discount of the Canadian dollar, we must add another 8¢, which means that Canadian wheat is practically 19¢ per bu cheaper than the corresponding contract here, and probably a better grade of wheat. This would mean that the chances for our export business would be slim, unless subsidies were resumed, but apparently our government is planning to reenter the market shortly, although on a more conservative basis than last year.

The flour program has remained operative all during the war crisis, so that fair quantities of the finished product have been sold, but when the wheat program begins again, the FSCC plans to pay subsidies, mostly on shipments to Central and South America, and also, it is the plan to dispose of the 8 million bu of wheat which had been carried over from the last crop by the CCC after the 1938 loans matured. The Argentine government has recently sold wheat to exporters at the equivalent of 39 1/2¢ a bu, so that the present outlook for business from the United States is not too good under present conditions. Actual clearances of United States wheat and flour since July 1st are slightly less than 16 million bu, which would indicate that we could still spare close to 150 million bu after allowing for domestic requirements, and a minimum carryover. Since August 1st, or for a period of seven weeks, world shipments have averaged only 9,303,000 bu, and apparently this must be stepped

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up before long. Primary receipts were rather light, but little attention is being paid to this factor. So far this week, Kansas City, Duluth and Minneapolis stocks show a net decrease of 531,000 bu. We shall, in all probability, have a decrease in the visible supply on Monday. A year ago the shrinkage amounted to 1,573,000 bu.

There was very little feature to the market, bulges failed to hold, and there was little support from outside interests, with December wheat closing 3/8¢ per bu down, while a decline in May wheat of 1/2¢ per bu occurred.

Corn, early in the session was stronger on reports of deterioration in Iowa, because of too rapid maturity, but when the leading cereal lost ground corn yielded also.

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CHICAGO Sept. 25, 1939.

World shipments of wheat and flour amounted to 7,613,000 bu this week. This is a little heavier than recently, but still under normal requirements. Broomhall has calculated that the world would need 584 million bu this coming season on a peacetime basis, and since 65 million bu have been shipped during the first seven weeks, it would mean that the average for the balance of the season would be about 11 1/2 million bu per week.

Therefore, with hostilities and probably greater consumption than otherwise, it is quite obvious that the clearances must increase, and this we believe will happen as soon as the Food Ministry in Britain starts the importation of all essential foodstuffs, which they have the right to exercise. As we understand it, this new Ministry is still incomplete, but amongst the various functions will be the acquisition of foreign supplies, and in fact, they will have complete monopoly of the British import trade in foodstuffs. One of the agencies, to be known as the General Supply Division, is already conducting preliminary consultations with representatives of the supplying countries, and they are principally at work in the Argentine, Canada and Australia. We learn that it is their desire to purchase at once the better part of the year's supply of all the essential food imports while prices overseas are still reasonable. However, actual shipments will be deferred until the various products are needed, and as the shipping situation permits their importation.

The second major activity will probably be the control of prices in order to check speculative and other forces which would make for high and fluctuating world prices. Temporarily, values have been fixed at about the levels which prevailed shortly before the outbreak of hostilities.

We are indebted to Sanford Evans for most of the above data.

It still appears likely that Canada will furnish the bulk of Britain's imports, and already the heavy Canadian country movement has caused congestion up there, with the largest crop raised since 1928, and about 170 million bu of wheat have been marketed to date, with Montreal elevators mostly filled to capacity, and, therefore, there is considerable delay in unloading lake steamers. Likewise, railroad cars cannot be unloaded, so that there is a delay in getting the empties back to western points. Later on, Australia will probably want to furnish sizable quantities also, provided the convoy system will permit such a long haul, and within six weeks, or possibly two months, another crop must be dealt with. It looks as though Australian yields might run in the neighborhood of 160 million bu, which would be a good, average-sized crop. Undoubtedly, a pool will be established where the farmers will make all of their deliveries, and very likely a governmental agency will also handle export shipments.

When the visible supply figures were posted, there was a markdown of 1,256,000 bu from the previous week, but total supplies are still in excess of 148 million bu, or nearly 24 million bu greater than a year ago. Chicago lost 459,000 bu during the week, and there is close to 11 1/4 million bu locally held. Primaries were about in line with recent figures, but had very little influence upon the trade. It seems that new incentives are needed. Those who have bought commodities because of war, are getting very little help from the outside public, and the market seems to need some buying in addition to the removal of hedges as wheat goes into consumptive channels.

Weather over the week-end was mostly dry, but the forecast indicates some possibility of showers in the western part of the belt.

At the last December wheat was 3/4¢ per bu lower, while the May wheat declined 7/8¢ per bu.

Corn was fractionally lower; a fair export trade was reported, and the visible increased nearly 4 million bu, but some of this was due to the movement of government supplies from last year's crop to terminal markets.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 26, 1939.

One naturally thinks of war as a period when tremendous wastage takes place. With soldiers on the battlefield, it is not so easy to figure the proper amount of provisions for any particular sector and when hurried troop movements become necessary, materials are often sacrificed. However, there must be another side to this picture and we believe it will be found in the fact that the civilian population is undernourished, and that rationing takes place. As a matter of fact, during the period 1914-18, world shipments of wheat and flour were, in almost every instance, lighter than during the six years prior to hostilities. It is rather surprising, but yet the figures reveal the correctness of our statement. From 1908-14, clearances from all countries averaged 592 million bu annually, while in the four succeeding years during the time war was waged, shipments were as follows:

1914-15	524 million bu
1915-16	596 "
1916-17	524 "
1917-18	389 "

It will thus be seen that only in one year of the four were shipments heavier during the war period than during peacetime, but what actually did take place was that both Russia and the Danubian countries were practically removed as exporters and that as a result, the United States had to furnish much heavier quantities, as shown by the following figures: (million bushels)

	1908-14	1914-15	1915-16	1916-17	1917-18
North America	194	393	482	365	263
Russia	148	1	4	6	0
Danube	59	1/4	0	0	0
India	43	34	4	32	20
Argentina	87	91	64	67	61
Australia	51	2	35	47	43
Others	8	2	5	5	3
TOTAL	592	524	596	524	389

At the present time a different situation exists and that is something which makes the grain business interesting at all times, because there are scarcely two situations that are precisely parallel. We believe that Canada, having raised a crop of 450 million bu, and having carried over sufficient quantities for the year's domestic consumption, will be one of the chief suppliers of European requirements during the next ten months. Even with navigation closing early in December, provision will probably be made to have the wheat in exportable positions, and this may be at the expense of shipments from the United States, unless subsidies should place us in a more favorable position later on. According to a well-posted grain man in Canada, the amount of wheat that is presently being sold on the open market is only about 10%. The Canadian Wheat Board are taking between 40 and 50% of the current marketings, while the balance is being stored for the farmer for later disposition. The chances are that when the English authorities are ready to make large purchases they will very likely make a deal with the Canadian Wheat Board, and in that way there should be no trouble in getting ample supplies for many months to come.

Primary receipts were 1,368,000 bu versus 2,541,000 bu last week and 1,062,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 36,000 bu. The market was rather weak at the start but firmed up later with the December future gaining slightly on other deliveries. There seems to be no pressure from new arrivals at the moment and while the demand is only

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fair,there are some hedges being taken out right along to give us a moderately firm undertone. In addition to this, the weather in the Southwest has been extremely dry and the immediate forecast does not hold out much hope for relief, except for possibly a few light scattered showers. At the last, December wheat showed an advance of 3/8¢ per bu, while May wheat was 1/4¢ a bu higher.

Corn was helped by the late firmness in the wheat market. There are no particular inducements to trade at the moment. The country movement is just moderate and the farmers are figuring on a loan for this coming season, although the exact price has not yet been announced by government officials.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 27, 1939.

Since August 1st, the world shipments to Europe have been about 14 million bu smaller than last year. Ex-European nations have taken nearly the same quantity. We believe that the smaller amounts imported by Europe resulted from certain delays that were occasioned when the British wartime ministry was selected to take care of buying of foodstuffs, and up to the present time they have been rather slow in their activities. The fact that extra war reserves had been built up made it possible for Great Britain to pursue a leisurely policy and to become organized. In 1938, Europe raised the largest crop on record, amounting to 1,829 million bu. This, together with average imports, gave all countries a chance to lay away reserve supplies. The present European crop, which has just been harvested, and which amounted to 1,650 million bu, may seem small in comparison to the previous one, being 179 million bu less, but yet, it is 70 million bu larger than the five-year average (1933-37). What will happen in Europe next year depends very largely on war conditions. Should fighting be confined to German soil, there would not be a repetition of what took place during the last war in French acreage reduction. On the other hand, with greater mobilization in France each month, and manpower being needed not only on the battlefront, but for the manufacture of munitions, we might well expect smaller yields one year hence.

As an offset, Canada has progressed so tremendously even since 1918 that this factor should never be forgotten, and with her population but slightly augmented, the Dominion has added nearly 10 million acres to the area of possible food production on top of the artificially-swollen figure of 1918. Canada is reasonably safe from the hazard of bombing and at the same time, is the most accessible British colony. This year's bumper crop, which is the largest since 1928, may still exceed 450 million bu, and will go a long way to take care of the allies' requirements, and even granting that Nature may be less provident next year, we may still expect an increased Canadian wheat acreage if soil conditions are favorable. At the present time, the visible supply in that country, exclusive of the quantity held by farmers, amounts to 255 million bu, while last year supplies in the same positions amounted to only 131 1/2 million bu.

Our market this morning was influenced at the start by dry weather reports from the Southwest, where in many places, ploughing and seeding have been brought to a standstill and little field work is expected until there have been good rains. There is even insufficient moisture in surface soil over a wide territory to germinate the seed. The situation is by no means hopeless, because rains during the next three to four weeks might change the picture greatly, but yet a delay in the fall work is often serious.

There has been very little attention directed toward Southern Hemisphere developments, but yet crop conditions in the Argentine remain satisfactory, and during the past few days the U.K. has purchased some Argentine old-crop wheat for government account, although the actual quantities have not yet been disclosed. There is also some Argentine wheat on passage, which was recently purchased by Belgium, apparently indicating that there is fair activity in the shipment of this wheat, even during wartime, and with the added hazard of torpedoing.

(OVER)

In Australia, with a slightly reduced acreage, the first tentative estimate of the growing crop places the yield at 160 million bu, compared with 151 million bu the previous season, and a five-year average of nearly 164 million bu. Should any such figure be realized, it would leave available for export during 1940 about 105 million bu. It is thought quite possible that the U. K. will take the entire surplus stock, except for some minor quantities authorized for other destinations. Because of complete censorship, we are not getting information as to wheat and flour shipments, although at the tail-end of the season it is believed clearances are very small.

Primary receipts today were 1,120,000 bu versus 1,159,000 bu last week, and 991,000 bu last year.

At times wheat was firm, influenced by a strong undertone in the securities market, but outside buying power is lacking, and the market showed some hesitancy, with closing values 3/4¢ per bu down for the December wheat, while May wheat declined 7/8¢ per bu.

Corn was under liquidating pressure at times, although the movement from the country was light. It is felt that during the next 60 days the market will be called upon to absorb new hedges, and very likely values will tend somewhat lower, even with holding tendency on part of the farmer due to the impending loan, the price of which has not yet been decided.

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CHICAGO Sept. 28, 1939.

May wheat is about 20¢ per bu above the low point of the season. Most of the advance has undoubtedly resulted from the War, as most traders have in mind what happened to prices between 1914 and 1918. Possibly for the last week more attention has been given to the dry weather conditions in the Southwest, but apparently, judging from today's market, this was not a great fear; and rightly so, as moisture during the next three weeks might change the picture completely. However, speculators are sensitive, particularly when there are so many imponderable situations as at present. With the various conferences at Moscow, some are even venturing the opinion that behind the scenes there may be a greater movement for peace than is generally admitted onthe surface. Whether England and France will finally give in, is, of course, another question, but the fighting on the Western front has a great many people baffled, as there have been no air raids of consequence, and neither side has taken the initiative on any important drives. Possibly, England feels that this will be a war of economics, whereby the richest nation will win. This also has been given consideration, with Sir John Simon having asked for an appropriation of $8 billion for the next year. Up to the present time the main move of the allies has been to keep Germany from trading with the rest of the world. With her ships mostly in port, it is impossible to send German goods to the Orient or to South American countries, or for that matter, by sea to important trading centers where she might barter articles in return for the necessary war equipment, and food supplies which she would want.

In addition to political uncertainties, there was also a Canadian report by the Searle Grain Co., issued late yesterday, estimating the crop for the Prairie provinces at 467 million bu; and adding to this the amount that was raised in the East, it looks as though the total crop for that country might be close to 500 million bu. The carryover is almost sufficient for a year's domestic consumption. Therefore, Canada could almost supply Britain with two years' imports, and this is a very bearish picture.

Furthermore, recent rains in the Argentine have improved the outlook for crops, which are now in the growing period, and present condition is most satisfactory, except for a few small areas which are showing the effects of adverse weather earlier in the season.

The Department of Agriculture has estimated that the world's carryover next July 1st will be about 1 1/2 billion bu. If this is borne out by fact, it will be roughly 250 million bu greater than the tremendous carryover this year. Therefore, there are no signs anywhere of a wheat shortage, so that it is not easy to stimulate trade on the constructive side of the market. The Food Research Institute of Stanford University also called attention to the heavy wheat surpluses in exporting countries, and suggested that price developments from October to January might be largely determined by the presence or absence of renewed severe competition for export sales. They also say that a great deal will depend on governmental policies, which are unpredictable, but they rather look for moderate price declines for the next few months.

Traders were confronted this morning with a very much larger movement of corn from the country than had been expected. This put new hedges into the pit, and came concurrently with speculative selling of long accounts, and caused a very sharp decline in this cereal. The bearish sentiment spread also to wheat, where selling orders predominated. Despite continued dry weather and practically no rains shown on the map overnight for Nebraska, Missouri, Kansas, Oklahoma, or Texas, there was very little support, and this, too, was discouraging to the bullish element.

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Primary receipts today were just moderate at 953,000 bu versus 1,130,000 bu last week, and 997,000 bu last year.

The market rallied somewhat from the low figure of the day but with lack of outside buying power there was a decline of 2¢ per bu for both the December and May futures. Winnipeg May wheat is lower today in American money than when war was declared.

As we pointed out earlier, bookings of corn from the country were much heavier --nearly 900,000 bu were reported sold to come to Chicago, and during the next 60 days the country movement might assume pretty large proportions.

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CHICAGO MERCANTILE EX.

Sept. 29, 1939.

When traders came to their offices this morning they learned than an all-night conference between Ribbentrop and Molotov had resulted in the signing of a pact in which they agreed to offer peace terms to the allies. It was further stated that if rejected, Russia agreed to send her 160 million people to war against France and Britain. While appreciating that this was probably the German version, the first effect was rather bearish upon both stocks and grains as a good many people reasoned that the allies might not risk their future against such an overwhelming majority. However, there are other principles involved, besides the partitioning of Poland, and the independence of that country, and official circles in Britain suggested that possibly an agreement between Germany and Russia might be intended merely to frighten the allies and to cause a disagreement. They also emphasized that all of the factors in the present situation had been fully visualized a month or so ago before they recognized a state of war with Germany. Surely nobody could argue that destruction of Poland could wipe out all the causes for the present conflict in Eastern Europe. There are other much more important and fundamental principles involved. The present war started by the democracies was largely to prevent Germany from dominating Europe, and it is very likely, therefore, that they will not give in very easily, unless they are awfully certain that only defeat lies ahead. At the present time, the allies are defending their vital interests and the security and independence of all European nations, on which they believe present civilization is founded

Those who are watching the various developments on the other side of the water find it rather difficult to gauge the situation in view of all the uncertainties ahead. For that reason, fluctuations in the wheat market were extremely erratic, as undoubtedly differences of thought found expression in selling, and later, in buying. There had also been rather unexpected rains in central Kansas, which had not been forecast, and this was responsible for some accentuation of the early decline. The routine news did not count for much, and in fact, the trade is ignoring most items which ordinarily are quite important.

Shipments from the Argentine were nearly 3 million bu, and these would have been considered large even in peacetime, when the fear of torpedoing would not have to be considered. It is still estimated that the remaining surplus in that country amounts to 115 million bu, and this is practically unheard of at such a late date, with only a few weeks remaining until new supplies are available. Most people recognize that it is only war and continuation of hostilities which is keeping prices at the present level; therefore, it is quite natural that any change in the European news is so very important, particularly as hopes are expressed from time to time that the chance for at least a temporary truce appears as a greater possibility.

Another crop report from Canada estimated the yields for the provinces at 465 million bu, which was practically in line with the Searle report that was issued two days ago, and it must be a well established fact, therefore, that the outturn has been considerably larger than the previous government estimate. As a matter of fact, the crop is about 40% larger than last year's, which will be a tremendous help to Britain in acquiring supplies, even if the war continues for a prolonged period. A great deal of grain has been sent to the United States for winter storage in order that shipments may be made to Europe while Canadian navigation is closed during the winter months, and we still feel that this will be at the expense of our domestic exports. With October wheat in Winnipeg about 14¢ under Chicago December, and taking off an additional 6¢ because of the discount of the Canadian dollar, Canadian wheat is about 20¢ a bushel cheaper than ours, and of better quality.

(OVER)

Primary receipts today were about the same as recently, at 1,081,000 bu versus 943,000 bu last week, and 1,055,000 bu last year. So far this week, Kansas City, Duluth, and Minneapolis stocks show a net decrease of 143,000 bu. There may be a small shrinkage in the visible supply on Monday --a year ago there was an increase of 801,000 bu.

Nervousness was the feature throughout the session, and there were fair rallies at times. At the last December and May wheat were 1¢ per bu lower.

Corn was under pressure, with nearly 400,000 bu booked to arrive, and this was quite good in spite of the break in price during the past few days; the basis was relatively 1/4 to 1/2¢ per bu easier.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 2, 1939.

There is again mysterious whispering as to possible peace approaches by Germany through neutral nations, but anyone who heard Winston Churchill speak yesterday must realize the sincerity with which Britain is waging its war. Both of the allied countries show by their actions that there is not the slightest indication for peace, unless it can be brought about honorably, and can be lasting in character. Our own correspondents from the other side of the water voice similar opinions, and one letter received this morning advises us that, although business is bound to remain somewhat disorganized while Britain is at war, the Prime Minister has announced to the business people that all business must be carried on, if possible, in the normal way and in the nation's interest. A great deal of reorganization is taking place in order to fill the gaps made by the various people now engaged in war service, and the indications are that they are expecting prolonged hostilities.

On the other hand, the trade was influenced this morning by the fact that Chancellor Hitler is expected to address the Reichstag Wednesday, dealing with the German-Soviet settlement in Poland, and it is thought that peace proposals are expected to provide for the establishment of a small buffer state between Germany and Russia. All speculative markets paid some attention to this news, though many felt that British and French rejection was almost inevitable.

The trade was also confronted with a better looking weather map than had been expected. Last Saturday, the weekly forecast was for mostly dry weather over the winter wheat areas, but those who study the barometric line closely are of the opinion that rains may be had in Central and Southwestern districts by late tomorrow afternoon or night, and this also was the reason for liquidating orders that came into the pit. There is, of course, a good reason for apprehension, unless seeding operations are improved during the next few weeks; and, therefore, this factor must bear close watching.

On the other hand, the world wheat situation is more bearish statistically than probably at anytime in history, and supplies on July 1st of this year were about 275 million bu more than the season earlier. In other words, with larger carryover stocks, this more than offset decreased production. The world carryover was estimated at 1,200 million bu, or just twice as much as in 1938.

In our own country, there is reason to be a little more optimistic owing to the fact that total wheat supplies last July were 990 million bu, or about 100 million less than the previous season. If we assume approximately the same domestic disappearance, it would leave us nearly 300 million bu for export and carryover; we see no reason why exports should be larger than the 10-year average, (1928-37) which amounted to about 70 million bu. This would result in a carryover of about 225 million bu on July 1st, 1940. It is apparent, therefore, that the size of next year's crop will be extremely important as affecting the price level later on, regardless of supplies in the balance of the world.

When the visible supply of wheat was posted, it showed a decrease of 2,578,000 bu; last year there was an increase, but yet we find total stocks about 20 1/2 million bu more than in 1938. The decrease at Chicago was very large, and during the past seven days over 1 million bu of wheat have been shipped from this market, leaving about 10 million bu still here.

(OVER)

Little was heard of export trade, but yet there must be a fai amount of Canadian wheat being worked right along, as North American shipments were 5 million bu this past week, although Broomhall thinks that very little is originating in the United States. However, the tremendous Canadian crop is moving into position for export, and already half of the Canadian wheat has been moved from the farms; there seems no doubt as to the capacity of the British navy to protect the transportation of this grain overseas. The present convoy system is working smoothly, and English supplies are about adequate to requirements at the present time. Argentine shipped nearly 3 million bu this past week, but is being handicapped by the long and dangerous haul, insurance rates are high, and ocean freight rates to non-British ports amount to about 32 1/2¢ per bu. This is probably the reason for the weakness of the Buenos Aires futures market during recent sessions.

At the last our December wheat, although having recovered somewhat from the low of the day, was 1 5/8¢ per bu down, while the May wheat declined 1 1/2¢ per bu.

Corn was weaker, although bookings from the country were not particularly large. The visible supply showed an increase of 3 million bu, and probably for the next month and a half accumulations will take place at terminal points.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 3, 1939.

Britain had decided to state the minimum terms of peace in advance of Hitler's address before the Reichstag, which is expected later this week. Appearing before Commons, Chamberlain emphasized that there was nothing in the Nazi-Soviet agreement to cause the allies to change their announced policy of crushing the Hitler regime. He stated that England had entered the war in order to put an end to successive acts of German aggression, which menaced freedom, and the very security of all nations of Europe. A possible loophole might have been detected in one sentence where he referred to previous statements, that the allies would deal with the German people, but never again would they trust Hitler, because Britain could not accept mere assurance from Germany.

In view of all this there apparently are those who figure that Russia and Germany might come closer together, and finally force peace upon France and Britain; but as we see it, Germany has more to lose from Russia than she has from England and France. It seems very doubtful whether England will make a peace without victory, and in his talk this morning, Chamberlain again referred to the British supremacy on the seas, and the manner in which the U-boat menace is being dealt with. What part Italy will play in the war, is not yet clear, nor whether Germany has issued an ultimatum to Mussolini in order to make good his pledge as a member of the axis. It is evident, however, that Italy would prefer to remain neutral, as she is benefiting through commercial and economic revival at the expense of some of the belligerents. Italy was not happy to see Russian influence come into the Balkans, and never having been at war with England, it is still doubtful whether she would wish to clash with the British navy. Any submission now on part of the allies would mean a triumph of Bolshevism, and nobody can imagine that Germany wants this, and certainly not Italy.

When our market opened there was firmness at the start, but we believe that the failure of rain to develop probably was as much a factor as the European news. The map suggests some possibility of moisture in northwestern Kansas and southwestern Nebraska, but no break-up, as had been hoped for. The routine news was more or less ignored, which has been the case almost since hostilities started. War risk insurance rates have been raised on all shipments under belligerent flags between North America and South Atlantic ports. In spite of this, we expect to see large shipments of Canadian grain to the U.K., and apparently Canada is preparing for this, as the Canadian visible supply, including the grain in transit via lake and rail, as well as bonded stocks in this country, increased 31 1/2 million bu during the week. The total visible is now in excess of 286 million bu, which is 133 million bu greater than a year ago. Presumably very little is coming on the open market, or is being hedged. By far the greatest percentage of the wheat is owned by producers, who have consistently taken storage tickets rather than putting their grain into the hands of the government at the 70¢ price, or else selling it on the open market. However, with futures in Canada selling around the 70¢ level, it is quite likely that a good deal of the wheat, if not all of the storage grain, will finally be turned over to the Board, and this, of course, will have the effect of narrowing the amount of free wheat available, but we do not think that this will make much difference because the Canadian Board will probably negotiate direct with the British Wheat Control Board in trying to reduce Canadian stocks and building up further reserve for England.

Primary receipts do not vary a great deal from one day to the next; they amounted to 1,301,000 bu versus 1,368,000 bu last week, and 1,033,000 bu last year.

Our market was under pressure during the latter part of the session; one of the prominent export houses was a heavy seller but new buying orders were lacking. It seems there are also a minimum of shorts. We are also missing the fact that there is no export trade; consequently, hedges from that source are not being taken out of the market. December wheat closed 2 1/8¢ per bu lower, while May wheat declined 2 1/4¢.

Corn was weaker in sympathy with wheat.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 4, 1939.

It was comparatively quiet on the Western front. There was artillery fire from both sides of the line, but more important seem to be political developments, and Germany is becoming more convinced that Hitler's peace offensive may collapse unless greater concessions are finally made than are now being anticipated. Prime Minister Chamberlain's talk before Commons yesterday took the wind out of the German sails, and it is understood that the British Cabinet will only consider peace offers if they are presented through an important neutral power. In other words, England is unwilling to consider any direct peace offer from Hitler, and should the latter offer same in his speech before the Reichstag later in the week, the chances are that Mr.Chamberlain would only reply in the House of Commons, and not by direct negotiations.

The French Cabinet at its meeting yesterday also was expected to have put the final quietus on Nazi hopes, but yet, there is some talk that mediations may be arranged through Mussolini, but discussions on that score are indeed vague at this time.

In the meantime, Soviet Russia has arranged to rent Norwegian ships to carry on a wartime trade with Great Britain and France, and this was regarded as fairly significant, because it is not likely that she would enter into commercial relations with countries if there were the possibility of waging war upon them at some near time. The Russian Export Bureau requested that Norway, Denmark and Sweden agree to rent ships, which would be used chiefly to transfer lumber to Britain and France.

With such great confusion, it was only natural that traders in all speculative markets should continue nervous, and transactions were quite erratic, although in grain the volume was considerably reduced from that of recent sessions. Nobody felt sufficiently positive to enter into new engagements on a big scale, and most people have in mind that if there should be a sudden peace, wheat prices are too high, in view of the world statistical position. Today's prices were the lowest that have been reached since the declaration of war on September 3rd. At the present time, export business is extremely inactive, and this means that very few hedges are being lifted.

Shipments of all grain so far this season total 12,107,000 bu versus 42,976,000 in the comparable period of last season, according to the Department of Agriculture. Actually less than 9 million bu of wheat have been exported, and we believe that with the tremendous crop in Canada it will take a very large subsidy to move our grain into foreign markets. It is, of course, easier to ship from the United States to Europe than from the Argentine, on account of the shorter haul, which means a smaller risk, lower insurance and lower freight rates, but yet the Wheat Board in Canada is working so closely with the British Control Board that we might be more or less squeezed out of the picture.

In the Argentine, the new crop has been considerably improved during the last month because of favorable weather, and conditions at the present time are very good. In the provinces of Cordoba, Santa Fe and Entre Rios, on some wheat which had previously been deemed lost, recovery has taken place.

Foreign demand for Argentine wheat is disappointing. The allies have not been buying much of the old crop, and neutral nations are apparently finding it difficult to purchase there because of the extremely high freight rates. Previously, quite a little Argentine wheat had been shipped to Germany on a barter basis,

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but the shipments of railway equipment in return are apparently not arriving, and this is causing considerable discontent because South American countries are accumulating marks from barter agreements, which at the present time are worthless.

Primary receipts were very small at 742,000 bu versus 1,120,000 bu last week, and 1,134,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 218,000

Our market firmed after early weakness, because of continued dry weather reports from the Southwest. The official forecast does not suggest much relief, although our own weather man is a little more hopeful. At the close December wheat showed an advance of 7/8¢ per bu, while the May wheat was 1/2¢ per bu higher.

Corn was somewhat firmer. The average of the private estimat was slightly lower than last month, but Murray estimates farm reserve at 532 million bu, which is enormous and compares with only 194 million bu the average for the past ten years. Therefore, total supplie should be very large.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO October 5, 1939.

The fact that Premier Mussolini is drawing further away from the idea of lending his name to any peace proposals suggests that the German terms, which were disclosed to Count Ciano last Sunday, would probably be unacceptable to the allies. It may be, however, that Italy prefers to wait until after Hitler's speech tomorrow to see how the world reacts to the peace proposals, if any are given. Judging from majority sentiment in both England and France, hostilities must continue, unless there is some chance that a durable peace can be established, and any peace offensive by Hitler, which would consist largely of dire threats, is almost certain to be doomed. In the meantime, it does not appear on the surface that Russia and Germany have come very close together, although undoubtedly the German Chancellor will refer frequently to his alliance with Moscow when he addresses the Reichstag, and he will probably allude also to military alliances which may follow unless the allies should bring hostilities to an end. Whether any such proposals will change the attitude of the British remains to be seen, but the English people seem sufficiently determined, in our opinion, to carry out their original resolve, and we believe that most of the matters that are now arising had been thoroughly considered before September 3rd. England had much more to worry her before Trafalgar when Napoleon was ready to invade England than at the present time.

The political picture, as presented today, is sufficiently complicated so that the ordinary trader does not feel inclined to enter the market on any large scale, and without this leadership there was absolutely no trend. There had been some fairly nice moisture in parts of Nebraska, mostly in the eastern section, and a few rains were also reported in Kansas, but not in sufficient quantities to bring about real relief, and for that reason it was felt that with clearing weather setting in the situation was becoming more precarious. It is probably true that if temperatures remain mild for the next four to five weeks, rains may come in time to permit increased planting, and a fair start for the growing plant, but as the season progresses the danger also becomes greater that winter wheat is not only getting off to a poor start, but that the actual area sown may be considerably smaller than was intended.

There is very little publicity being given to Canadian exports, probably for the reason that it is being handled largely by governmental agencies; nevertheless, Canada shipped nearly five million bu of wheat last week, and the trade was handled in such a way that the price level was very little affected. During the first two months of the crop season, country deliveries had been of record proportions, with about 244 million bu having been marketed, or roughly, 64% of the marketable wheat based on the last official estimate of the crop. When this is compared with the ten-year average of only 101 million bu, or about 35%, one can appreciate how enormous the marketings have been. Unless exports are accelerated, storage space may become a problem, although of course, a good deal of grain may come to the United States during the winter months for shipment while Canadian navigation is closed.

About a month ago, when Broomhall estimated the import requirements of Europe at 448 million bu, and ex-Europe 136 million bu, the calculations were on a peacetime basis, and it was assumed that the Argentine would ship probably 144 million bu, and Australia, 80 million bu, but very likely these figures are subject to revision if transportation problems make it necessary to get the grain by the shortest haul. Also, the 12 million bu that Russia was expected to ship may be kept at home as an emergency reserve, but until we get a little further along, no definite conclusions can be reached, except that from every angle Canada is in an excellent position to

(O V E R)

furnish more than the 184 million bu of wheat estimated before the outbreak of hostilities, and as we have previously pointed out, she raised sufficient quantities to take care of Britain for nearly two years.

Primaries were 1,209,000 bu today versus 953,000 bu last week, and 1,355,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 410,000 bu.

With great uncertainties as to overnight developments in Europe, there was no great change, December wheat closing 3/8¢ per bu higher, while May wheat also advanced 3/8¢ per bu.

Corn was reasonably strong, although no particular feature in the pit. Many feel that there will be a great tendency again on part of farmers to take advantage of the loan, so that receipts at terminals will not be overly burdensome.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

Oct. 6, 1939.

Those who rose at dawn may have heard the Hitler peace proposals before the Reichstag, others have undoubtedly read the terms through the Press, or have heard radio commentators give their version. It seems, however, that unofficially at least, the various propositions that had been mentioned were unacceptable to the British and to the French. From London, it is claimed that nothing in the speech is apt to be taken up in Parliament before next Wednesday, when it automatically is considered in debate, and the consensus there was to the effect that the terms were about as expected. However, French sources claimed that the Nazi ruler had attempted to dictate an end to the War, and that Hitler was merely seeking to give Russia and Germany a free hand in East and Central Europe, and offering nothing substantial in exchange. They also termed "inaccurate and false" statements regarding the Polish war; and in particular rejected Hitler's bid for an armistice based on the Russian-German dismemberment of Poland. In Italy, officials viewed the speech as moderate, but failing to offer any great hope for peace, and claimed that the proposals were entirely too vague; but it is generally felt that the Berlin-Russian axis is contrary to the Berlin-Rome axis, which had been based upon the anti-comintern pact.

With both news and reactions from the various European capitals known before our market opened, there was a chance to study various situations from all angles, and speculative markets opened higher in both securities and commodities. However, there was no great excitement; in cotton, for instance, the advances were very moderate; while in stocks, steel issues and aviation shares rose the most, but full advances were not maintained. The trade in grain was not heavy, and when Winnipeg prices showed indifference, bullish enthusiasm here waned.

Canada has a great problem before her, which even war may fail to solve. Stocks of Canadian wheat at the head of the lakes have increased 18 million bu again, following a 12 million bu increase last week. While ocean shipments are of fair proportion, wheat is backing up in the interior, and besides there is 27 1/2 million bu along the Atlantic seaboard and in Montreal, compared with less than 6 million bu in 1938. Undoubtedly, the British government will arrange to transport much of this grain overseas in the next few weeks, but as we have pointed out frequently, country marketings have been tremendous, and it remains a question whether storage space will be sufficient to take care of all the grain. This is being recognized already, and the Chairman of the Grain Commissioners stated that the Board had ordered cars to ship grain into the drought areas where elevators are less congested.

We find that Argentine shipments this week are somewhat smaller, at 1,853,000 bu, but this is not because of any scarcity, but probably due to the length of the haul; with high freights, high insurance rates, and a larger risk, European importers are apparently going slowly with their purchases fromthe Southern Hemisphere. It is estimated that 113 million bu of wheat are still left from the old crop, or about 95 million bu more than a year ago at this time.

Primary receipts were 736,000 bu, which was small compared with 1,081,000 bu last week, and 1,304,000 bu last year. Stocks at Kansas City, Minneapolis and Duluth show a net decrease of 397,000 bu. There is quite apt to be a moderate decrease in the visible supply on Monday; it will compare with last year's shrinkage of 892,000 bu.

Highest prices were established at the opening, when the trade felt that the allies would continue the war to defend moral values. Thereafter great indifference existed, and at the close December wheat was up 1¢ per bu from the previous close, while May wheat advanced 3/4¢ per bu.

The action of corn followed closely that of wheat. The primary run was fair, but no big accumulations are taking place yet.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO October 9, 1939.

According to the Bureau of Agricultural Economics, a marked reduction in wheat acreage in Europe is not expected this year. They claim that the world acreage in 1940 will probably differ very little from this year's acreage, and that this would again result in a crop fully able to take care of the likely world consumption without reducing the carryover stocks.

We should like to call attention to some very interesting figures that were given out by McCabe Bros. Grain Co., Winnipeg, showing that during the last war the wheat acreage in Europe had suffered sharp decreases, and of course, the largest reductions appeared in France, Germany, Belgium and Austria-Hungary. These were offset only slightly by increases in the United Kingdom and the Scandinavian countries, as the following figures will show:

	Average		Thousands of Acres	
	1909-1913	1915	1917	1939
France	16,160	13,560	10,360	11,683
Italy	11,720	12,500	10,560	12,841
Germany	4,770	4,950	3,750	(5,979
Austria	3,100	1,840	2,040	(
Balkans	17,581	17,155	16,135	23,920
Spain	9,550	10,040	10,340	8,795
Scandinavians	396	505	490	1,488
United Kingdom	1,888	2,330	2,100	1,762
All Others	6,469	5,845	3,984	9,463
Total	71,634	68,725	60,759	75,931

In giving the above data, it was difficult to compare acreages in all the European countries, due to the many changes in boundaries that took place after the last war, but roughly, the total figures are believed to be correct.

It is not surprising, therefore, that Europe seems to be so much at ease. The government of the United Kingdom had built up large security stocks of wheat at moderate prices. When war broke out, millers' and merchants' holdings were also cheaply acquired. One English authority stated that merely because they were at war with Germany did not necessarily mean that high prices must be paid for future supplies, and that there was the impression in England that North American markets had overestimated the importance of European requirements. This may be correct, at least for the time being, inasmuch as France does not require imported wheat, since she actually has a surplus of her own. Canada, despite her location and relative proximity to European ports, may possibly find that the British purchases are inadequate to maintain any excessive premiums over the price of Plate wheat.

Owing to the war, most European countries are making efforts to enlarge their acreage under winter wheat. In England, for instance, to encourage further cultivation of wheat, the guaranteed price paid to the farmer will not be subject to quantitative restrictions, while actually the payment of about $8 per acre is being made for the breaking up of new land between now and the end of the year. In North Ireland, preparations are being made to bring about 250,000 additional acres under cultivation. Also, Southern Hemisphere progress seems satisfactory, and a good many neutral nations are at the present time preferring cheap Plate or Danubian wheat to that of other countries. Here recently, Antwerp advices, according to Broomhall, emphasize that a very large quantity of Argentine wheat had been bought at prices considerably below those of competitors, and, despite her geographical position, she is making great efforts to sell to neutral nations, while the United Kingdom is buying mostly from North America.

(OVER)

The most important news overnight were the rather widespread rains that were reported over winter wheat districts. In parts of Kansas, more than one inch of rain was received, and the moisture also was very beneficial in Oklahoma and the Texas panhandle, particularly with mild temperatures, so that seeding operations may be resumed. This, we believe, was responsible for the early weakness, which carried values to the lowest level since war started, although the market showed good recuperative power; possibly a decrease of 3,609,000 bu in the visible supply brought in better buying during a rather quiet session. Total visible stocks are 17,808,000 bu greater than they were a year ago. Supplies at Chicago showed a further decrease of 567,000 bu, and there is at the present time 9 1/2 million bu locally held. The primary movement was quite small, and with recent declines the farmer apparently is not showing any great anxiety t market the balance of his grain. Today's receipts were 787,000 bu versus 996,000 bu last week, and 1,374,000 bu last year.

At the last December wheat was 1/2¢ per bu lower, while May wheat showed a decline of 5/8¢ per bu.

Corn was firm throughout the session, and English buyers were reported as turning more to this country because of the short haul. Feeling that there might be a better European outlet, traders took to the bull side of the market. The visible supply is about 4 million bu larger than a year ago; the primary run is just moderate.

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CHICAGO MERCANTILE EX.

CHICAGO October 10, 1939.

Hitler repeated his desire for peace with the allied powers when he appeared before the winter relief campaign. It seems that Germany's peace propaganda has been intensified, and the people are still hoping that something may happen to prevent the outright rejection of the Chancellor's bid. The stock market did not seem to indicate that there was much chance for negotiations along the present line of thought, but more may be known later in the day when Premier Daladier speaks before his people. The allies'war claims have been expressed as a restoration of Poland and Czechoslovakia, but this has become increasingly difficult, as Germany is moving some o its nationals from the Balkan countries into former Polish territory. This in turn has troubled Italy, who believes that Germany's concessions to Russia in the Baltic shall be definitely in the German sphere, and we doubt whether the German-Italian friendship is nearly as strong as Hitler claims it to be.

In any event, our market opened higher disregarding additional rains over the winter wheat area, and most traders still believe that if the war continues it would be definitely helpful to commodities, including grain.

In our previous letters we have called attention to the fact that during the war period, 1914 to 1918, world shipments of wheat and flour, in most cases, were smaller than they were during the period just preceding. It must also be realized that during the war, strange as it may seem, wheat consumption declined sharply in Belgium and France, on whose soil the war was fought; likewise, in Germany, where supplies undoubtedly were limited due to allied blockade, smaller consumption took place. For the sake of comparison, we would say that the average annual consumption in Germany and Austria during the war was only about one-half as great as during the period from 1909 to 1913. In fact, with depression and various other factors the total consumption was never regained, and in the last two years we find that Germany used about 50 million bu less wheat than she did prior to the war. It is definitely established that in other European belligerent countries consumption during hostilities was on the decline, although to a lesser extent; we also find that in the United Kingdom, France, Italy and Belgium this was true. In view of the fact that it has so often been said that armies march on their stomachs, we believe that the foregoing is worthy of mention because the civil population must make sacrifices in order that the soldiers are cared for.

Apparently this is correct at the present time. In Germany, the soldier is receiving 137 pounds of meat per year, while the civilian is receiving only 103 pounds. The soldier is also able to get almost twice as much fish as the non-combatant; the same holds true with potatoes, of which the soldier receives nearly 800 pounds per year. The latter which are full of starch and are filling apparently make up for economies in other directions, particularly of bread. The fact is that in the articles which are scarce, substitutions are made, and as an example, the German soldier receives less than one-fourth as much meat as the American soldier, but more than three times the amount of potatoes, which comprise the bulk of the German diet, and this is intended to make that country fairly independent of imports.

Primary receipts were 1,023,000 bu versus 1,301,000 bu last week and 703,000 bu last year. Kansas City and Minneapolis stocks show a net decrease of 45,000 bu.

Our market was firm influenced by the strong undertone in December wheat, and a better price for securities. It was also felt that the allies will probably stand their ground and continue to fight unless Germany would make much greater concessions. At the last December wheat closed 2 1/4¢ per bu higher, while the advance in May wheat amounted to 2 1/8¢ per bu.

Corn sympathised with wheat, and rose about 1¢ per bu. The farmer does not seem to be selling on a big scale; he probably is waiting for the announcement on the loan. Total supplies in the country are large, but a fair proportion will be impounded.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 11, 1939.

The trade has been watching political developments very closely believing that an early peace would reverse many of the recent developments. However, the French Premier's speech yesterday was firm and it was believed to have been approved by the British government so that very likely Chamberlain's talk tomorrow before the house of commons will be of the same tenor. The German people seem disappointed that immediate peace seems unlikely, and Hitler's statement that "if his proposals were rejected" was taken as an indication that he too had given up hope that his terms might be acceptable to the allies.

In spite of all this there is some hesitation on the part of the trading public. It is not due entirely to the fact that some are still hopeful that through one means or another peace can be brought about, but probably to various warnings that have been issued that feverish price advances are not likely, and particularly so in a world where purchasing power is trying to be conserved by nations concentrating on war. It is the latter probably that is coming to the foreground, and which investors are bearing in mind because they have had more than a month now to think over various situations, and many have already concluded that events which caused inflation, high interest rates and runaway markets during the last war are quite different at the present time.

In wheat particularly, we have called attention to the fact that after the Dardanelles had been closed during the World War and Russia cut off from the balance of the world, there was a tremendous demand for our grain, but with the tremendous surplus now in Canada, Europe is buying very leisurely and furthermore, there is close cooperation between the Canadian and British governments so that while the high seas are open to navigation there can be no difficulty in in Britain's obtaining supplies.

In the Southern Hemisphere we find that shipments are being made to neutral nations, and it is estimated that about 2 1/2million bu were placed afloat this week. However, it is only about two months until another crop will be harvested. Conditions for the growing wheat are most favorable and soon there will be the task of marketing these additional supplies with a tremendous carryover on hand. Export business at the moment is rather slow, because of the scarcity of freights and high insurance rates, and while ordinarily there might have been some business by this time for January and February shipment, very little trade of that kind is taking place at present. It seems that the local mills will be asked to take the old-crop wheat from the Grain Board, which in turn was taken over from the farmer, but if the local consumptive needs are taken care of in this manner, it will mean that when the farmers harvest their new crop they will find a very poor outlet for it, and this is already a disturbing element and may have considerable effect later upon world markets.

Primary receipts were rather small at 664,000 bu versus 742,000 bu last week, and a holiday last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 197,000 bu.

Trade was rather dull. The market recovered from early weakness, and at the close December wheat was 1/2¢ per bu higher, while May wheat advanced the same.

Corn was somewhat lower following the issuance of a bearish government report. Farm reserves at 546 million bu established a record, and this, together with the estimated crop, gives us total supplies of 3,078 million bu. The last time we had this much corn on hand was in 1932, when prices were in the low 30's. However, large quantities are impounded, the movement is not particularly heavy, and the December future gained on the other months.

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CHICAGO MERCANTILE EX.

CHICAGO October 13, 1939

While United States markets were closed yesterday, Prime Minister Chamberlain replied rather bluntly, and in fact, sarcastically, to the Hitler peace bid. He stated, "Acts and not words alone must be forthcoming before we or France would be justified in ceasing to wage war to the utmost of our strength." It had almost been a foregone conclusion that Britain would not waver, particularly after Daladier spoke before the French people last Tuesday.

However, the united front of the allies had a slightly bullish effect upon Winnipeg prices yesterday, and that was the only grain exchange in the world that was functioning, as even the Buenos Aires market had been closed.

There seems to be greater determination on part of certain Canadians that Manitoba wheat should receive preference in England, and particularly now that Canada is also at war, as this has important implications. It has been pointed out that the exchange spent by the United Kingdom in Canada stays within the Empire, and may, therefore, be mobilized in one form or another. Canadians think that it would be better in the long run for Britain to buy as much as possible of wheat that she needs in Canada and in Australia, provided, of course, that transportation from the latter country is available, and to buy products which are not available in the Empire from non-Empire sources. Such a scheme, it is claimed, would be the true economy in time of war, and furthermore, British purchases of Canadian wheat would add strength to the Canadian economy and enable it to make a greater contribution to the war effort. With the tremendous crop that had been raised last season in Canada, the purchases by Britain alone might not be sufficient to create real prosperity for Canadian agriculture, but rather the absence of important support could only be harmful, and therefore, we imagine that the two governments, co-operating closely together, will try to work out a plan of mutual benefit.

Outside of political news, there was nothing very inspiring on either side of the market. Antwerp made some purchases of Rosa Fe wheat, and also, small quantities of other afloat grain. Norway purchased Manitobas, but on the whole, there was no very large trade anywhere.

Black sea shipments this week were 1,336,000 bu, the quantity being somewhat larger than of late, and included 464,000 bu that had been cleared from South Russia. Argentine clearances amounted to 2,700,000 bu, and this, of course, is tremendous considering that it is very late in the season, with only a few months before new supplies will be available. Broomhall estimates that the remaining surplus is about 110 million bu compared with only 18 million this time a year ago. Ordinarily, average shipments from now until the end of December are only about 20 million bu, and if this rate of shipment applies this year, Argentina will have about 90 million bu surplus on January 1, 1940. Apparently the Argentine government recognizes the seriousness of the situation in having such large carryover stocks, and it has prohibited local millers from grinding new supplies until November, 1940. This means that the actual processors will have to get their supplies from the Grain Board, apparently so that the government can reduce its burden; and this leaves the problem of what will be done with the new wheat which the farmers will soon have on hand. Ordinarily, the arrivals in December and January are quite heavy, and with high ocean freights and burdensome war risk insurance, the demand from abroad may not be very satisfactory, so that one can easily imagine that there may be considerable trouble later on, if war continues.

It is almost impossible to say how much more export business will take place from the United States. During the 3-month period since our crop season started, about 16 3/4 million bu of wheat and flour have been sold under the subsidy program. It is admitted that these benefit payments averaged about 32¢ a bu, but if the war continues, there may not be further efforts to subsidize wheat shipments.

(OVER)

It is rather difficult to get accurate statistics from Australia because of the censorship, but it is known that further useful rains have fallen except in the three Eastern States: Queensland, New South Wales, and Victoria, where precipitation has been inadequate.

Primary receipts were rather small at 899,000 bu versus 736,000 bu last week, and 1,457,000 last year. So far this week, Kansas City, Duluth and Minneapolis stocks show a net decrease of 167,000 bu. We look for a moderate decrease in the visible supply on Monday; a year ago it increased about 3,000 bu.

Trade was very dull, and traders were indifferent. There had beer very little additional moisture over the holiday, and not much is looked for in the Southwest. Field work in many places has been resumed, but over western Nebraska and western Kansas, recent moisture was apparently insufficient. At the last, December wheat was 1/4¢ a bu lower, while May wheat declined 1/2¢.

Corn was very little changed; early firmness was soon dissipated when wheat reacted. There were pretty large receipts at Chicago, and very likely government storage on matured loans will fill up to some extent space at terminals.

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CHICAGO MERCANTILE EX.

CHICAGO October 16, 1939

In the early years of the last War, considerable quantities of grain that had been consigned to neutral countries were finally delivered to belligerents, and an effective rationing scheme for neutrals was not introduced until the United States joined forces with the allies. It was officially announced a few weeks ago by the British government that foodstuffs destined for enemy countries were to be treated as contraband. From the rather scanty information at hand, there has been no knowledge that any grain cargoes were commandeered, although several cargoes containing wheat destined for Antwerp and Holland were detained while efforts were made to find out if this grain was intended for home consumption in those countries. Broomhall estimates that the various neutral nations in Europe will require about 162 million bu of wheat this present season, while last year they actually imported 157 million bu. In spite of all precautions, Germany is getting grain through various channels and today we learn that Rumania shipped 200,000 tons of corn to her along the Danube under their treaty Whether much can be obtained overseas, is another question, although undoubtedly with the sinking of ships there will be a number of vessels that never reach their destination.

So far as actual grain statistics are concerned, there is little change and our market opened at about the same levels. The last official Canadian estimate was for a total crop of 449 million bu. Probably these figures will be revised upward to meet trade forecasts, but even on basis of the last estimate, and taking into account that 29 million bu of wheat and flour have been shipped, there is still 422 million bu that could be exported, or will have to be carried into the next crop; therefore, this apparently gives Britain great assurance for the time being. For some time our market has been influenced by the big reserves up there, as well as the Southern Hemisphere situation, but today the continued dry weather in our Southwest became more of a factor, and despite the rains in Kansas last week, many reports of extreme dryness are being received. The month of September gave a combination of heat, drought and unfavorable crop-growing weather that has not been equaled by any other September of record, according to the U. S. Department of Agriculture. They claim it was the driest and the second warmest September on record in practically every part of the state. Kansas is extremely important, because in a normal year she can produce nearly one-fourth of our domestic consumption, and therefore, continued dry weather would be very serious. From what we can learn, the seed is going into the ground and possibly the full acreage will be planted, but unless germination takes place before winter sets in, the hazards are very great and results next spring rather doubtful. While we have often seen where a good snow covering brought about miracles, it is less encouraging to face a situation of this kind than if normal conditions prevailed.

When the visible supply figures were posted, a decrease of 1,757,000 bu was shown, and stocks in all positions are approximately 16 million bu greater than last year. Chicago stocks decreased 365,000 bu, and there are slightly more than 9 million bu locally held. Primary receipts today were extremely light, and in fact, carlot receipts everywhere were as low as could be. This made poor comparisons with both last week and last year.

Because of the fact that there was very little pressure, it took only small buying orders to lift prices, and at the last December wheat was 1 1/8¢ a bu higher, while May wheat advanced 1¢ a bu.

Corn firmed up in sympathy with wheat. The visible supply increased 2 1/2 million bu, and the primary run seems satisfactory for this season of the year. There has been some export inquiry lately, but sales apparently have not been large. However, during the first week in October, over a million bu were sold from this country. With over half the farmers' holdings from last crop sealed under government loans, we have a rather artificial situation.

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CHICAGO MERCANTILE EX.

October 17, 1939.

For several weeks, and in fact, ever since hostilities started, traders in securities and in commodities have been wondering whether history would repeat itself. In wheat, there was an advance of about 20¢ a bu largely on the theory that prices during the last war had risen tremendously and that probably the same thing would occur this time. With the passing of time, people have had a chance to study the present situation, and it is now revealed that the allied purchases in this country, aside from airplanes, are not likely to be heavy in the near future. For one thing, the British storage of gasoline is said to be enormous; restrictions on copper production abroad have been removed, so that Great Britain will supply her needs from African and Canadian producers, whom she can pay in sterling. These mines, plus those of the Belgian Congo, may supply France also. In other words, the copper situation bears little resemblance to that of the last war, when we were furnishing 60 per cent of world production.

In foodstuffs, the English have laid away enormous supplies, and furthermore, the dominions are far better able to help out than was the case in 1914. In order to avoid the use of dollar exchange, Britain will probably buy everything she can with sterling; moreover, she is anxious to help her colonies to a prosperous economic condition. In spite of all this, it has been necessary for England to buy some grain from Rumania and the Argentine for political reasons, probably in an effort to prevent Germany from getting supplies from those countries.

During this period, the country marketings in Canada have been enormous, probably heavier this fall than at anytime in recent years, and this has meant the building up of a huge visible supply, amounting to 319 million bu. To augment present storage facilities in the West, many of the grain companies are opening elevators that had been closed for years, which will now be used to store the surplus grain. During the month of September, receipts of grain at country points totaled 183 million bu, and during the same period, exports of wheat and flour, including quantities that came to the United States, totaled only 12 1/2 million bu.

Pressure is being brought to bear uponthe United Kingdom buyers to increase their Canadian imports, and the situation looks serious if the British government does not do something to help the Canadian farmers, particularly as the new Argentine wheat crop will soon be a factor. Prices today at Buenos Aires were quoted at 52 1/2¢ a bu for February delivery, or about 55¢ FOB vessel, compared with No. 3 Manitoba wheat FOB Montreal at 72 1/2¢ a bu. With an apparent 17 1/2¢ favoring the Argentine wheat, there is a big offset because of the fact that Canadian freights to Europe are much less, and particularly under the convoy system, which means that Canadian wheat can be delivered in England for about 82¢ a bu,. while the Rose Fe wheat is worth about 75¢; and probably the superior quality of the former, and the discount of the Canadian dollar,makes it more attractive. Nevertheless, Canada has this competition to meet, as she has raised the second largest crop in her history, and up to now overseas exports have been entirely insufficient.

Primary receipts today were just moderate at 886,000 bu versus 1,023,000 bu last week, and 748,000 bu last year.

Our market was influenced by a much better feeling in New York securities, also continued dry weather Southwest, where the season is getting very late. Probably yesterday's airbombing over Scotland intensified war psychology also. At the last December wheat was 2 1/8¢ per bu higher, while May wheat advanced 2¢ per bu.

Corn was influenced by the better sentiment, despite a fairly large primary run of wheat at terminal points. Apparently no one was in the mood for selling short.

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CHICAGO MERCANTILE EX.

CHICAGO October 18, 1939.

While recent war psychology has given our market some impetus, with a better speculative trade and a stronger undertone, it has made very little impression upon flour buying activity, and there is a lack of demand from this quarter which possibly prevented real enthusiasm. According to the Northwestern Miller's latest report, flour sales last week had dropped to the lowest level in two months. Neither the bakery nor the family trade has been anxious to take on supplies for future requirements, although it is thought that very likely the prolonged southwestern drought may soon bring about a change in the behavior of this buying.

Just to show how indifferent the trade has been: last week flour sales of winter wheat declined from 35 per cent to 25 per cent of capacity, while the major spring wheat mills sold only 46 per cent of their capacity against 62 per cent the previous week. Of course, it must be remembered that there was a great deal of activity when war broke out, and possibly needs were taken care of until the first of the year, so that we are now feeling the effect of the first rush, with a calmer feeling prevailing.

About ten days ago, the Southwest rains brought a little cheer to the farmer, and, of course, enabled a good deal of seeding to take place. Best results were probably shown in the Oklahoma and Texas districts, but because of the lack of subsoil moisture, the rains that did occur recently were only of limited benefit in that they only dampened top soil. We have asked a good many of our people in the Southwest to comment upon the present condition and have had quite a few pessimistic reports, but it would take too much space in this letter to give full details. We believe, however, for the State of Kansas that probably 70 to 80 per cent of the seeding has been completed. One man, well informed in that territory, was of the opinion that possibly 12 million acres had been sown, but he added that with good rains anytime this month or early next month, very likely a much larger acreage would be planted, but that moisture was needed everywhere. There is nothing in the immediate forecast, either the official or by our own expert, to indicate that a breakup is in sight. As long as it remains so dry, farmers are only selling a few carlots here and there, with the result that receipts everywhere are meager.

There is no pressure upon the market, so that the line of least resistance recently has been on the constructive side. There has been less attention paid to international statistics, which still remain very bearish. In the Argentine, good soil conditions are being maintained and they have had some nice moisture lately. One authority believes that a crop of 270 million bu might be harvested. It must, furthermore, be remembered that the mills will probably not be able to buy from the new crop for almost a year because restrictions make it necessary to take supplies which have been accumulated by the government, and there is probably enough left from the old crop for a year's consumption, so that whatever is harvested during the coming months will probably have to seek an export outlet. Strange as it may seem, England and France are trying to buy some of the Argentine supplies, despite the enormous surplus in Canada, but possibly this is a wartime measure, the theory being that in case of maritime complications, it will be easier to draw upon the Canadian reserves later on.

Primary receipts today were very light at 551,000 bu versus 664,000 bu last week, and 851,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 193,000 bu.

At one time there was a slight bulge here in sympathy with the securities market, where higher prices also were registered, but it seems that the enthusiasm which was so apparent yesterday had died out today, and at the last our market was a shade lower than yesterday, December wheat declining 1/2¢ per bu, while the May wheat was down the same.

Trade in the corn pit was rather indifferent, the primary movement is fairly good, and there seems to be very little export inquiry at the moment.

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CHICAGO MERCANTILE EX.

October 19, 1939.

When England entered the war she realized the importance of food supplies, and chose James V. Rank to handle all the British imports of wheat and flour. Holding the honored positions of President of the National Association of British and Irish Millers, and Chairman of the Board of Management of the Millers Mutual Association, it must be apparent that he was recognized as a leading figure in the trade. Those who know him closely appreciate that he is the most prominent miller in Britain and probably the shrewdest buyer. There is nothing about the grain business that heneeds to learn in assuming his new duties with the government. The Rank mills are the largest in the U.K., and Mr.Rank has probably bought wheat from every corner of the earth. He understands values, and is a student of world conditions. When he assumed office, he stated that the government departments are a big machine, and it must be borne in mind that until things are properly going there will be difficulties. But apparently he has had the cooperation of every miller in England in order to render the greatest possible service in Britain's hour of need.

Import requirements are being handled without disturbing the world's markets, and possibly England will have to import as much as 250 million bu of wheat this season. Under the British Food Control Commission, Mr. Rank does not waste a penny, and when the market runs up, and he believes the advances are unjustified, he has the patience to wait. We understand that the Canadian Wheat Board is working in close cooperation, and that they will endeavor to prevent sharp advances, which is probably the reason that the Canadian market remains rather indifferent. It is now proposed that about 40 per cent of the Canadian wheat will be used in the U.K. for milling purposes, and as there is a great deal of wheat lying in the eastern seaboard ports of Canada, shippers should have no trouble in moving the grain speedily to Europe when necessary. Of course, it will take Continental buying as well to reduce the heavy supplies which exist in Canada.

During the early part of the session our market was somewhat reactionary. Weather in the Southwest remained dry, and little relief is indicated. Our Enid office reported that there was still lots of planting being done, with dry top soil over parts of Oklahoma. Some of the wheat was coming up satisfactorily, but rains will be needed very soon. The entire situation looked rather serious to that observer, and it is rather difficult to tell just what percentage had been planted up to the present time, as so little wheat is up. However, he concluded that good rains within the next week or so would make a wonderful difference.

There was no great enthusiasm here, despite the pessimistic reports that were quite general from the Southwest. It seems traders paid just as much attention to advances and declines in the stock market, and frequently during the session the price of U. S. Steel was a factor as far as the local element was concerned. The entire volume of trade was not big; yesterday, for instance, only about 18 1/2 million bu of wheat changed hands in the pit, and we doubt if there was any greater interest today.

Primary receipts today were very light at only 505,000 bu; there was a holiday last week, and a year ago they amounted to 1,109,000 bu.

Support from the outside was lacking, and it seems that even the adverse crop news has temporarily failed to impart much strength to our market. At the last December wheat was 3/8¢ per bu lower, while May wheat was down the same.

Corn receipts at Chicago were substantial, although likely a part of this represents government holdings, and the grain will come here for storage. There was some changing of hedges from December to May at 2 7/8¢; otherwise no particular feature.

Oats are in a strong statistical position; Chicago stocks are only about 2 1/4 million bu, and the total visible less than 15 million bu, which is the smallest in several years.

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CHICAGO MERCANTILE EX.

CHICAGO October 20, 1939.

There was very little political news overnight; therefore, we shall devote most of this letter to statistics and grain facts. First of all, there is the Canadian situation, with the second largest crop on record just harvested, possibly amounting to nearly 500 million bu when all the wheat is counted. The carryover was 102 million bu, or practically sufficient for home requirements. Up to the present time only 30 1/2 million bu of wheat and flour have been exported; so just the surface has been scratched, and this is resulting in a tremendous congestion at eastern seaboard terminals. Ordinarily at this time of the year Canada would be shipping 5 million bu weekly, but actually not over 2 million bu is clearing, and with the excessive supplies it would not be unnatural that 7 to 8 million bu would be shipped each week in an effort to reduce reserves before navigation closes.

In the Argentine, generally favorable progress continues. The acreage is about 12 per cent smaller than last year, but about in line with the five-year average. It is not likely that the yield will compare favorably to the one of last season, when they raised 15.3 bushels per acre, as the average is something less than 13 bushels. However, a big contribution to the world's surplus will be made, and probably enough carried over from the previous crop to take care of the home demand.

The first estimate of Australian wheat is 160 million bu, which is somewhat better than a year ago, and practically up to the five-year average. On that basis, it would leave approximately 105 million bu for export during 1940. If it were peace-time, this would all present a very bearish world's picture, but owing to hostilities, the governments feel less apprehension on the theory that the nations at war may produce less, and will, therefore, require larger amounts from the exporting countries.

The Canadian visible supply is close to 320 million bu--something almost unheard of at this season of the year, and it is 148 million bu greater thanthe quantity on hand in 1938.

Since August 1st, world shipments to Europe from all countries have been 23 million bu smaller than the previous season, while to ex-Europe they were practically the same.

Even in our own country, we have ample supplies everywhere, after taking into account about 125 million bu of wheat that are impounded under the government loan. Actual overseas exports of wheat and flour since July 1st are 18 1/2 million bu. If we assume a minimum carryover on July 1, 1940, of 125 million bu, and allow for a domestic consumption of 700 million bu, we could still export at the present time 150 million bu without any great harm. There is, of course, no possibility that anything like this will happen. Therefore, we shall have to be prepared for larger carryover stocks at the end of the season than the figure just mentioned. However, in view of present weather conditions such a reserve may become useful. Following the extremely dry weather in September, with many interior sections the driest on record for that month, moderate to good showers occurred during the first few days of October, but in most sections there were no follow-up rains, according to the official weekly weather and crop bulletin. They state that for the first half of October a considerable central-northern area had above normal rainfall, but otherwise the amounts were generally below normal, very much below in most interior States. There is some possibility of scattered precipitation, but those who study the map believe that it will be exceedingly light, and, therefore, not of much benefit.

(OVER)

Primary receipts were very light --568,000 bu versus 899,000 bu last week, and 984,000 bu last year. So far this week Kansas City, Duluth and Minneapolis stocks show a net decrease of 348,000 bu. There will probably be a moderate decrease in the visible on Monday. A year ago it increased 2,286,000 bu and reached the maximum for the season at 126,558,000 bu.

Despite the drought there was very little activity on the bull side. War news was practically ignored, and while sentiment was predominantly bullish, there was a discouraged feeling because the market responded so poorly to the news. Possibly some of today's liquidation came from discouraged holders, with December at the last down 7/8¢ per bu, while May wheat was 5/8¢ lower.

Corn was under pressure and there was very little feature to this cereal. A few hedges were changed from December to May at3¢.

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CHICAGO MERCANTILE EX.

CHICAGO October 23, 1939.

The important European news over the week-end was that Russia had declined to give Germany an assurance of military support against the allies, but here again the information has come from Paris without being confirmed by German sources. However, the Paris Bourse was firm all around, and rather optimistic concerning the prospects of the allies. During the past week, Germany lost sixteen bombing planes while attempting to raid various places inthe United Kingdom, and naval authorities, while admitting that attacks of German submarines on allied shipping had again become considerable, contended that losses were small in comparison with those of 1917.

When our market opened, there was a slightly better tone due to the continued dry weather Southwest, and apparently, little immediate possibility of relief. Everyone is fully cognizant of the fact that present supplies inthe world are adequate. While the total amount of bread grain harvested this season was somewhat smaller than the previous year, the carryover of wheat was about 600 million bu greater, and this is responsible for the large supplies that are held not only by the warring countries, but also by exporting nations as well. Should the drought in this country continue and give us a small yield of winter wheat next summer, of course, the entire complexion of things, at least domestically, might change; but we feel it is too early to give up hope, even admitting that the situation is serious to date.

Our Enid, Oklahoma, man took a trip of about 100 miles over the week-end, and found that a considerable quantity of the wheat was up to a pretty good stand. He observed that with rains in a week or so, the plant would be about normal. Apparently a large percentage had been sown in the particular district he covered, as the farmers there had benefited from recent moisture, but he was rather surprised to see conditions as favorable as they were. We also heard from points around Kansas City that wheat appeared surprisingly good in view of the general drought --in fact, it was up and looking nice except that the ground was extremely dry. Obviously, there are many who figure that should there be general relief within the next ten days it would not be entirely hopeless for the crop, and this makes our market a very tame affair.

There were a good many hedges covered this morning against the government flour relief business, where supplies are to be distributed to distressed families, but apparently some of the hedges against this business had been lifted earlier in anticipation of what was to follow, and as a result there was no great excitement and the market advanced only fractionally.

World grain exports this week were a little over 6 million bu, or about the same as last week, but only half as large as they were a year ago. Ever since hostilities started, shipments have been on a much reduced scale. At first it was claimed that they would probably increase again as soon as the British convoy system was better perfected, but possibly the reserves which have been built up just for such an emergency as war have necessitated smaller requirements.

In any event, the foreign demand is still extremely dull. Canada with the largest surplus is probably suffering the most from the poor demand. Broomhall has pointed out today that before the last great war, countries such as France, Germany and Italy imported about 160 million bu annually, but these nations are now nearly self-sufficient. The fact remains that today it leaves only the United Kingdom, together with Belgium, Holland and the Scandinavian countries, to take the bulk of the wheat overseas from the surplus nations.

(OVER)

The visible supply decreased 2,338,000 bu, and total stocks are approximately 158 million bu, or about 11 million bu more than last year. In Chicago, the shrinkage was more moderate, at 157,000 bu, with close to 9 million bu still remaining. Today's primary run was 772,000 bu versus 587,000 bu last week, and 1,324,000 bu last year.

Had anybody told us a few months ago that the behavior of wheat would have been as discouraging as it has been, we probably would have doubted it. Despite war, a major drought and large milling sales, the close was actually weaker than on Saturday, with December wheat down 3/4¢ per bu, and May wheat declining 1/2¢ per bu. It is probably the same story as during the last war when coffee failed to advance as did the other commodities, because it was overproduced.

Corn was a shade weaker in sympathy with wheat; local elevators are able to fill up to good advantage if they are fortunate enough in having empty space, and the carrying charge is more attractive than in other grains. Chicago stocks increased 1,683,000 bu the past week.

Oats could not escape entirely the bearish sentiment which is prevailing elsewhere; but the recent advance has made it possible to import certain types of Canadian varieties despite the 8¢ per bu import duty. However, these supplies cannot be worked to interior points.

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CHICAGO MERCANTILE EX.

CHICAGO October 24, 1939

Since this country was first developed, we have generally produced large surpluses of grain, and disposed of them. It was always considered that wealth was created by the exploitation of Nature; and like every new nation, we depended upon foreign capital. It would have been impossible in the early pioneer days to have built our railroads, or to have developed our industries without large loans from abroad. The interest on these loans was paid through our excess of exports over imports. Probably the maximum dollar exports occurred during the last World War, and were so sizable that we were not only able to pay off the largest part of our obligations, but we even had funds left over with which to make investments abroad. Gradually the tables were turned, and from a debtor nation we became a creditor nation.

In many respects the present war is entirely different from the last one. In wheat especially there seems to be very little similarity, particularly as the export demand at the present time is almost nil, while 25 years ago it was being greatly stimulated. After France had become invaded, her territory occupied, and all her manpower engaged either in fighting, or in manufacturing munitions, her wheat production generally decreased. This made it possible for the United States to regain her former supremacy as a shipper. We were furnishing 45 per cent of the world's import requirements, which ratio was maintained until the end of 1922, when shipments had reached an average of nearly 300 million bu. At the present time, we doubt whether much wheat or flour could be sold except for the subsidy payments. Moreover, the government has restricted production in this country through the payment of bounties to the farmers.

Nevertheless, there has been considerable firmness occasioned, probably not by war psychology, but by the prolonged drought in the Southwest. The Robinson report released today emphasizes that soil and moisture conditions have seldom, if ever, been as discouraging and hopeless at this time, considering the lateness of the fall seeding season. It was probably this report, as well as other pessimistic ones, that brought in a few buying orders, but on the whole trade was extremely light.

The weather map was not very easy to read, although the forecasters seem to think that by Thursday there might be a breakup. Johnson seems fairly certain that Nebraska and northern Kansas will be favored with moisture, while the official forecast suggests relief in sections farther south. Most observers, while recognizing the seriousness of the present situation, are agreed that if sufficient moisture should occur within the next two weeks, further seeding could be accomplished quite rapidly because of the present modern machinery for expediting field work, although if delayed beyond that period the plant would be dependent upon winter and spring moisture for average or better results. Plant pathologists have found that even where the condition is bad at the start, if winter weather is not too severe and the plant is kept alive during the hibernating period and with favorable spring weather some of the early handicaps may be overcome.

Primary receipts were quite light at 570,000 bu versus 886,000 bu last week and 665,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 45,000 bu. While there was no good crop news sent here from any of the Southwestern districts, it seemed difficult to inspire much enthusiasm on the bull side, and we believe that when the volume of trade is given out tomorrow we shall find that today's transactions in the pit were comparatively small. If moisture develops during the next 48 hours, we look for somewhat lower markets. At the last December wheat declined 1/4¢ while May wheat was 3/8¢ lower.

Corn was firm but without feature. The carrying charge between December and May widened a trifle. The primary run is of fair proportions although restricted because of artificial influences that the government has introduced.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 25, 1939.

Since the outbreak of hostilities there has been very little export business in wheat, and only nominal quantities of flour. As a result, very few hedges have been taken out of the market, and since the domestic flour business lately has also been very poor, values have suffered to some extent. Southwestern mills reported that last week new business was only 19 per cent of capacity, while the Northwestern flour trade, which was also on the decline, averaged about 38 per cent. During the first week or two of the war boom, sales had skyrocketed amazingly, but current bookings are disappointing. It is not surprising, therefore, that we have had rather indifferent grainmarkets, despite the drought in the Southwest. From day to day there is very little change in either world statistics or the international outlook.

Stocks of wheat in Canada continue to increase daily, but very few supplies are coming on the open market, and apparently the government is not hedging much; so that the pressure in that country is not being fully felt. Everyone has known for some time that the world supply of wheat was the largest on record, but those who trade in this country are calling attention to the fact that domestic supplies are about 100 million bu smaller this year than last. Those who made purchases a few weeks ago based on war psychology have had a chance to study the situation more closely. They find that the United States supply of wheat is about the same as it was in 1914, but world supplies are approximately 2 billion bu larger. At the outset of the World War, Argentina and Canada had only meager quantities for the export trade, but, of course, everything is entirely different at the present time.

If we should be able to export a total of 50 million bu during the current season, it would probably leave us with a carryover next July of close to 250 million bu. In former years when our population was smaller, reserve supplies at the end of any season were considered about average when they amounted to approximately 128 million bu, but recently it has been demonstrated that a carryover of 175 to 200 million bu could be easily absorbed. This has been the case even when there was a great recession in business, which in turn gave an extra knock to commodities. With possibly a good quantity of wheat impounded because of the government loan, there is not apt to be too much pressure upon our futures, and next year the question will be the size of the crops, which is already being discussed freely, as the winter wheat has gotten off to a rather poor start.

September moisture was extremely deficient, and we find that the Kansas precipitation was only .32 inch compared with a normal of 2.77 inches. There was hardly a year in the last seven when less than 2 inches of rain fell during the month of September, and it is quite obvious, therefore, that Nature must be extremely provident in averaging out this condition if we are to expect anything like normal yields next season.

Primary receipts were small again, at 570,000 bu versus 551,000 bu last week, and 787,000 bu last year. Kansas City and Minneapolis stocks showed a total decrease of 145,000 bu.

Wheat was firm throughout the session, and there were several factors responsible for this; first of all, corn was independently strong, and in addition to this, there was a better stock market which encouraged local traders.

There had been some fairly good rains overnight in parts of the central States, benefiting eastern Missouri, but in the Southwest it was dry again, and there is no immediate chance for moisture. Map readers still seem to think that by the end of the week there might be a break-up, but this is not definite enough to be of general encouragement. At the last December wheat advanced 5/8¢ per bu, while May wheat was 3/4¢ per bu higher.

Primary receipts of corn showed a slight tapering off, and compared with last year the showing was poor. Farmers do not yet know what the loan price on this year's crop will be, but many more are eligible for the loan than in 1938, and apparently the producer is holding with the hope of doing better by waiting, or else taking advantage of the government's generosity.

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CHICAGO MERCANTILE EX.

CHICAGO October 26, 1939.

Broomhall claims that Australia is already feeling the disadvantage of her geographical position, but that every effort will be made to avoid the errors of 1914-18, when huge quantities of wheat were stored for too long a period and finally became unmerchantable. There have been negotiations for the sale of all, or the bulk of next year's surplus to the United Kingdom, but up to the present time nothing has resulted in that direction. The number of grain ships that have been sent to the bottom because of war has been rather trifling, and we note that the estimated Argentine shipments this week are 3,674,000 bu, indicating that a great number of sea captains must be hopeful that they will reach European ports with safety. Antwerp reported the purchase yesterday of some Rosa Fe wheat at 77 5/8¢ a bu, compared with American No. 1 hard winter at the Gulf at 91¢ a bu. In neither case was war risk insurance included. On the whole, export business has been rather light, although some sales of Manitobas were reported.

Again we call attention to the vast difference between 1914 and 1939 insofar as European wheat production is concerned. At the outbreak of the World War, total European yields were 1,109,675,000 bu, while this season the crops amounted to 1,813,990,000 bu, or an increase of about 700 million bu. Furthermore, larger supplies have been stored away for the emergency, which apparently explains the great indifference at this time.

It is understood that the United Kingdom has already instructed the Canadian government to set aside 100 million bu for reserve, and the remainder of the very large surplus, if not shipped in the current cereal year, may be required in a subsequent season, should future crops be small. Of course, this is on the assumption that war lasts and that possibly smaller crops will be harvested in other parts of the world.

Our market this morning paid very little attention to anything except weather. We stated earlier in the week that the weather map suggested a breakup and that possibly showers would visit Southwestern areas. The official forecast of yesterday was not hopeful for immediate relief, although a few rains were reported today in Oklahoma and Kansas, and there seems to be some chance that more will follow. It is becoming increasingly necessary for genuinely good precipitation to fall over widespread areas, if we are to expect good crops next summer. The reason for saying this must be obvious, in view of the prolonged drought thus far.

Primary receipts were quite heavy today at 1,354,000 bu. However, nearly one million bu were received at Duluth. Otherwise, the movement was very light; a week ago it amounted to 505,000 bu, and a year ago 761,000 bu. So far this week Kansas City and Minneapolis stocks show a total decrease of 239,000 bu.

There were a few liquidating orders based on moisture which was considered possible, but again the volume of trade was extremely light. Private reports from Oklahoma showed more rains than were reported on the weather map, and it seems likely that occasional showers tonight or tomorrow will improve the seed bed, and possibly encourage further planting.

Formerly the Winnipeg market used to guide us occasionally, but that market is hardly a factor, being largely under government control, and trade from the outside is limited because of financial restrictions. Their visible supply is 336 million bu, or 162 million bu greater than last year at this time. Due to the tremendous movement, the railroads have placed an embargo on shipments toward eastern elevators, but all this has had very little influence upon the market.

At the last there was a decline of 1¢ per bu for both December and May wheat.

Corn was very little changed, but the difference between December and May narrowed slightly, and it does not look as though there would be a burdensome movement owing to the government activity in making loans to farmers at prices considerably above the market.

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CHICAGO MERCANTILE EX.

CHICAGO October 27, 1939.

World import requirements were estimated at 584 million bu, by Broomhall, for the current season. This would mean that the average clearances per week would amount to 11,230,000 bu. Since August 1st, or for a period of 12 weeks, nothing like that quantity has been shipped, and we find that only 8,399,000 bu were actually placed afloat each week. So if the full figure were to be attained, during the next 40 weeks, weekly shipments would have to average 12 million bu. It may be that because of war calculations will have to be changed, and it is interesting, therefore, to examine the net imports of wheat and flour into various European countries during the last World War, with a comparison to the four years preceding. This table compiled by Broomhall speaks for itself:

	- Thousands of Bushels - Aver.1909-13	Aver. 1914-18
Germany	68,800	-
France	46,400	81,600
Italy	52,800	75,600
Belgium	51,200	26,400
U.K.	215,200	194,400
Greece	6,400	8,000
Portugal	3,200	4,800
TOTAL	444,000	388,800
Neutral Countries	65,600	58,400
Total	509,600	447,200

Contrary to the general accepted thought, in spite of wastage and extra war requirements, actual imports were smaller during hostilities than in peacetime. Of course, Germany was entirely out off from overseas supplies, although probably small quantities reached that country through neutral ports just as at present.

There have been rather extravagant statements in recent months that the Reich has enough grain on hand for two seasons, but recently Germany has been very anxious to obtain additional supplies in Hungary and adjacent countries. This seems rather contradictory in view of the claims that she has such big stocks in her bins. Some had thought with the acquisition of the new lands in Poland, and prior to that in Czecho-Slovakia, that the food question would have been definitely solved, but even in years of good crops these territories failed to produce large surpluses, and it is difficult to imagine that with war being waged, and under compulsion, that the best results will be obtained. There are undoubtedly grain shipments from Hungary and the Balkan countries into Germany, but this is a smaller quantity than would ordinarily come from overseas. Meanwhile, wastage due to the war, and increased rations for the troops are undoubtedly cutting into the German reserves.

When our market opened, it was quite firm as the overnight weather news had been construed as slightly bullish; at least, there was disappointment that no rains of consequence had fallen in Kansas or Nebraska. It is true that the soft winter wheat states had heavy rains, and there was also some additional moisture in Oklahoma, but the map was not very encouraging for the Southwest, except possibly showers tonight in western Nebraska and northwestern Kansas. Areas which raise the bulk of hard winter wheat were complaining, and the drought conditions have been intensified recently by unusually high temperatures for this season of the year. A good deal of wheat is being seeded in dry soil, but it remains to be seen what results are obtained under present conditions.

Primary receipts were light at 532,000 bu versus 568,000 bu last week, and 720,000 bu last year. Kansas City, Duluth and Minneapolis stocks showed a total decrease of 508,000 bu. We look for another shrinkage in the visible supply on Monday; last year there was a decrease of 567,000 bu.

(O V E R)

At one time the market became rather weak in sympathy with lower security prices, but there was no general liquidation, and when those who had sold out earlier tried to buy their wheat the market rallied and new buying came into the pit, giving strength to all futures. December wheat closed at 1 3/8¢ per bu higher, while May wheat advanced 1¢ per bu.

Corn was somewhat easier, but bookings are not large, and no important accumulations are taking place. Spot demand was fairly active and carrying charges had a tendency to narrow slightly.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 30, 1939.

World shipments this week were slightly larger than previously at 7,326,000 bu, but this is only half as much as a year ago. The contribution from North America was also very small, being slightly in excess of two million bu, and the bulk of the grain is, of course, coming from Canada, where supplies are very large. The official Dominion report has not been changed during the last few months and still claims a crop of only 449 million bu for all of Canada, but it is generally recognized that better yields at harvest than were earlier anticipated, brought in more optimistic figures. Those of the Northwest Grain Dealers, the Winnipeg Free Press, and of Sanford Evans run anywhere from 30 to 43 million bu greater than the official.

There seems to be no doubt that the world's carryover at the end of this season will be a record one for all time, provided ill fate does not interfere with normal progress of Southern Hemisphere crops. However, our government on the basis of present supply estimates and a moderate decrease in world disappearance, figures that on July 1, 1940, the world will carry over 1,440 million bu, or about 275 million bu more than in 1939. This would compare with only 565 million bu two years ago, making it rather obvious that even with war no country will have to suffer much. As we see it, there is a chance that the U. S. will draw nearer to a domestic basis, provided the winter wheat crop next summer turns out to be poor, as is indicated by the moisture figures at the present time. Generally speaking, the Southwestern states fared badly during September, and we give below moisture figures for Kansas and Nebraska during the past month; also, for the past six months, in order to illustrate more vividly the deficiency to date:

	KANSAS		NEBRASKA	
Average per point	Sept.	six months	Sept.	six months
1939	.35	15.13	.4	13.1
1938	2.14	21.66	3.4	20.6
1937	1,87	14.63	1.2	13.3
Normal	2.9	20.2	2.4	19.3

Having in mind that fall moisture is extremely important, and also, allowing for the fact that Texas and Oklahoma rains during the next two or three weeks could still bring about great improvement, we believe that it might be wise to look a little further ahead in the event that the final outturn will be poor, as has often been the case when the plant has had a bad start. On basis of tonight's close, Winnipeg October wheat is about 16 1/2¢ under Chicago December. If we add to this 8¢ per bu, representing the discount of the Canadian dollar, and another 8¢ due to the superior quality of the Canadian wheat, one can readily see that Manitoba wheat is about 32 1/2¢ under us, so that even with a 42¢ import duty, we are not so far out of line for Canadian shipments. We also believe that when the offal is re-exported, there is some salvage obtained, so that possibly we are closer to an import basis than is generally recognized, and, therefore, with further adverse weather over the winter wheat areas, we may be called upon to absorb a part of the Canadian surplus.

The visible supply of wheat showed a fairly good decrease amounting to 1,724,000 bu; total supplies are 136 million bu, or approximately 10 million bu greater than was on hand a year ago. Today's primary movement was rather moderate at 660,000 bu versus 772,000 bu last week, and 1,148,000 bu last year. Chicago stocks decreased nearly 1/4 million bu during the week, and there is still 8 3/4 million bu locally held.

(O V E R)

Our market responded early to the dry weather reports; while there were a few rains in the Southwest, they were relatively unimportant, and the drought remains largely unrelieved in most Southwestern sections. However, milling and export demand are very poor; likewise speculative support from the outside, is almost completely lacking, with the result that final prices were 1/2¢ per bu lower for the December wheat, while the May future declined 1/2¢ also.

Corn was relatively strong. During the first three weeks of October, exports have been about 3 1/4 million bu. Bookings are not at all burdensome, and the primary run was less than half as large as a year ago, indicating that the farmer is holding on to his supplies. The visible supply increased 3 million bu; total stocks are now about on a parity with last season.

Oats stocks are rather small, and there is 7 1/2 million bu less at all terminal markets than last year. Chicago has less than 2 million bu, and the nearby month is relatively strong. In fact, the whole statistical picture is bullish.

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CHICAGO MERCANTILE EX.

CHICAGO October 31, 1939.

The usual factors which formerly guided our market at the opening are lacking, due to the war. Not only are we without Liverpool quotations, but we seem also to be without export demand, as hardly any cables come from the other side bidding us for grain. It is quite natural therefore, that weather should be the all important factor, and this we believe influenced a slightly higher trend in the early dealings, because the Southwest is still extremely dry, and the map readers are not hopeful for any relief. We believe that a long interest has been built up because of this bullish domestic situation, and when Winnipeg quotations eased off, there was some profit-taking here, and apparently, there were hardly any shorts, so that values declined, although the volume of transactions was extremely light.

Europe apparently was better prepared for the present crisis than at anytime in years. During the past season, the importing European countries increased their stocks by about 195 million bu, and this possibly explains the great indifference at the present time. There is, to be sure, some replenishing of supplies from time to time, and yesterday, for instance, Antwerp purchased Rosa Fe, 65 lb. wheat, that was afloat equal to about 82¢ a bu. Lower grades were correspondingly cheaper, while No. 2 Manitoba wheat brought about $1.04 on spot. It is obvious, therefore, that the Argentine, being further from European markets, has to make sacrifices, particularly with the tremendous quantities that are carried over from the previous crop, and very likely, without any unusual hazards, they will soon be confronted with additional supplies of about normal proportions.

Then, too, if Europe looks at the North American situation, they see more than the usual quantity of wheat on hand. The United States visible is 136 million bu, while the Canadian visible reached a new record of 349 million bu. In other words, the North American visible supply at the present time is 485 million bu. If we compare this to the visible supply figures at the same time during the last war, we find very great differences, being illustrated by the following comparisons:

In November, 1914, the N. A. visible stood at 165 million bu.
" " 1915 " " " " " " 122 " "
" " 1916 " " " " " " 164 " "
" " 1917 " " " " " " 76 " "

The overnight European news was not far different from what we have been hearing right along, except that there was a most drastic shakeup in the Italian cabinet and Mussolini replaced the chiefs of staff of the army and airforce, which may have later implications. In London, unofficial sources expressed gratification at this move, believing that certain pro-German elements had been removed. On the other hand, Germany belittled this step, likening the procedure to the changing of the guard in order to keep certain Fascist party members from "going stale on the job."

Primary receipts were light --530,000 bu versus 570,000 bu last week and 719,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 50,000 bu. Crop reports from the Southwest stress the necessity of rains as the soil is vulnerable to blowing and while a good deal of the acreage has been seeded, many plants are either not up yet or else are dying for want of moisture.

At the last there was some recovery from the low point of the day with December wheat 1/2¢ per bu higher than the previous session, and May wheat advanced 1/2¢ a bu also.

The fact that the stock market was reactionary may have tended to squelch bullish enthusiasm. From Russia there was an announcement that Molotov had denounced Britain as an aggressor, claiming that Germany aspires to peace and that continuation of war on the grounds of restoration of Poland seems senseless. This, however, did not stir up much activity marketwise as his utterances were not entirely unexpected.

Corn was weaker at times but trade was extremely light. Primary receipts are only about a third as large as a year ago and with the holding tendency on part of farmers, there can be no great pressure on the market; nor are heavy accumulations likely.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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COMMODITY EXCHANGE INC.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 1, 1939

For some time past, we have been stressing the large wheat supplies and the very bearish world situation, and do not feel at all ashamed that we have stood our ground in this respect, because the world's carryover last July was the largest on record and promises to be even greater in 1940, due to the fact that more is being raised than can be consumed. Even with the war we probably would not have had excessively high prices, at least for another year or two, without important crop failures in some parts of the world. Since the first rush of flour business early in September when hostilities started, there has been a very disappointing domestic demand, while export sales have been entirely inadequate, even with the subsidy. During the past week, flour sales dropped to new low levels, and according to the Northwestern Miller, the volume in the Southwest was only 18% of capacity, while bookings in the Northwest amounted to only 27%, and this would indicate almost a complete absence of interest, both on part of the baking trade, and that of housewives who earlier had been reported as hoarding. Bakers may have in mind that there is a certain ceiling over our market because of the huge surpluses in Canada, and that finally, we shall probably import wheat from our northern neighbor. European flour buying has almost disappeared entirely and even sales to China are on a very small scale.

Taking into account all of the above, we now think that a new factor must be considered, at least for the time being, namely, the Southwestern drought. Admitting that rains might still alter present calculations, one cannot ignore reliable reports like the one issued this morning by the Santa Fe Railroad, wherein they claim that the situation in Kansas is the worst ever experienced. They claim that about 85% of the intended acreage has been planted and the ground has been too dry. While wheat planting will continue for some time, especially if moisture is received, the wheat planted after October 15th is subject to severe winter killing. We also had a message this morning from the manager of our Enid office, who covered the same territory that he had traveled about two weeks ago. He found the wheat looking much worse and the plant was barely up; in fact, it had not grown during that period. He claimed it had a sickly look and a rather bluish cast, instead of the usual green appearance..Certainly, this does not look promising at the moment.. The particular territory of which he spoke had received from 1/2 to 3/4 of an inch of rain on October 8th, which had sprouted the wheat, but there was insufficient moisture to carry it on. Inasmuch as the State of Kansas has an acreage which is almost one-fourth of the total winter wheat planted, and as there are also other parts of Nebraska, Oklahoma and Texas which are not at all promising, we do not see how any sharp depressions in prices are in sight, unless the drought in those territories should be greatly relieved within a comparatively short time.

Therefore, it appears to us that this new situation would offset to a large extent the fact that export and domestic demand remains disappointing. Weather conditions during the winter, and finally, during the spring months, will determine how large a winter wheat crop is possible in view of the bad start.

There was some selling today by disappointed holders, who figured that the action of the market was against sustained strength, and that it would take more than the usual news to move the market out of its present rut. Even events of the greatest import, both politically and economically, have been discussed daily and watched in nearly every capital of the world, but yet, the security and grain markets have been very hesitant. In the past, when we had a war, or increased expenditures, or greater economies, this all had an immediate effect on values, but speculation has either been so discouraged or hampered at the present time that it no longer fulfills its entire function in anticipating probable future events.

(O V E R)

Whether or not this will be permanent, or at least be the case for a lengthy period, remains to be seen, but so far as the grain trade is concerned, the many new regulations referring to changing margin requirements, and the disinclination of rich men to take any speculative chances, being fearful that finally the government would take away a large percentage of their profits in taxes is preventing us, we believe, from gaining as big and broad a market as we had in the past.

Today's statistics were of no consequence, and net changes were slight. As of October 14th, the CCC had made loans on 135 million bu of wheat, and additional loans may be made for two more months. Furthermore, Crop Insurance wheat stocks are in excess of 10 million bu, but with all of this grain withheld from normal marketing channels, there has been very little speculative enthusiasm, and today's prices were about 1/4¢ per bu lower than yesterday.

Corn trading was also dull. However, marketings are restricted, and present indications are that the federal loan rate will be about the same as last year, or 57¢ a bu on the farm. It is also estimated that perhaps 75 per cent of the farmers in the commercial corn producing areas will be eligible for loans. This would be about 50 per cent more than last year. Under the circumstances, artificial markets are being encountered.

UHLMANN GRAIN CO.

DAILY MARKET LETTER.

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CHICAGO MERCANTILE EX.

CHICAGO November 2, 1939.

Today the trade was furnished with the first estimates of the private experts as to the probable winter wheat acreage and the condition as of November 1st. While these reports contained no surprises, at the same time it again drew attention to the adverse weather that has prevailed in the winter wheat states. The average estimate for winter wheat acreage was 43,799,000 versus the 10-year average, 1928-37, of 47,655,000 acres, and the final seeded acreage of 46,173,000 a year ago. Of course, it must be borne in mind that estimates issued as of November 1st include seeding still to be done, and in order to complete this program there will have to be more favorable weather conditions than have prevailed the past few weeks. In the meantime, temperatures have turned quite low in parts of the territory, particularly in the northern section, and reports from our Hastings, Nebraska, office indicate that temperatures in western Nebraska were as low as 8 degrees above zero last night, which naturally will prevent winter wheat in that territory from germinating. One of the experts gave the condition approximately 63 to 65 per cent, and several indicated a crop around 400 million bu, which compares with the all-time low condition recorded December 1, 1932, of 68.9%. Referring back to the estimates of December 1, 1932, the preliminary acreage sown was given as 39,902,000, suggesting an outturn of 425 million bu, although the actual final crop for that year was only 377 million bu.

Ordinarily, a report such as released today would tend to fire bullish enthusiasm, but at least for the present the market seems to be in the position of an irresistible force meeting an immovable body, and in this case, the immovable body is the bearish world statistics on carryover, which we have been pointing out in our recent letters.

Shipments from the Argentine for this week total 2,939,000 bu, and that country for the past few weeks has been furnishing a rather large percentage of total world shipments. Without taking into consideration war risk insurance, the wheat from our Southern neighbor is the cheapest on the market. It is figured that Rosa Fe wheat plus ocean freight to the United Kingdom is 73 5/8¢; No. 1 Northern plus ocean freight is 94 3/4¢, while Australian wheat plus ocean freight is 79 5/8¢. As mentioned above, this does not take in the cost of war risk insurance and convoying. These items no doubt make up a considerable part of the disparity between prices from the Argentine and Canada.

World shipments from August 1st to October 27th, inclusive, have only averaged 8,315,000 bu, and if Broomhall's estimate of importers' requirements for the season 1939-40 is to be met they would have to average 12,200,000 bu from now until July 31, 1940. Exports of wheat from Canada for the week ending October 31st only amounted to 1,271,000 bu, and the total from August 1st to October 27th, a matter of thirteen weeks, amounted to 35,839,576 bu versus 48,006,137 bu for the same period last year. A very good friend of ours, who visited with us this morning from Canada, stated that almost all storage in that country was plugged with wheat, and that they expect this condition to last through next summer. He also reported that ther was great difficulty in getting boats, which no doubt somewhat accounts for the small shipments from Canada.

Primary receipts today were very small, at 434,000 bu; last week they amounted to 1,354,000 bu because of heavy arrivals at Duluth, while a year ago there were 812,000 bu at the various markets. Kansas City and Minneapolis stocks show a total decrease of 216,000 bu so far this week.

Early weakness in the market was short-lived, and while there was no great strength at any time, there was a fair recovery, with private estimates making some impression upon the trade. Yesterday's volume in wheat was only 8 million bu, which formerly could have been handled by one large commission house, and shows how totally disinterested people are at the present time in making new commitments.

Corn was barely steady, and estimates have been increased over those of last month, indicating slightly better yields. However, the primary movement is disappointing, and no heavy accumulations can take place. Farmers apparently figure that they can do better by waiting for the government loan, which will undoubtedly give them a better price than if they sold at the present market.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

Nov. 3, 1939.

There were no particular overnight developments in the European situation, and the battleground for the present seems to be not on the Western Front, but rather in the complex and tortuous diplomatic game, which is still being waged. The recent rapprochement between Russia and Germany introduces a potential menace to the Italian ambitions in Southeastern Europe, and developments in the Balkans will now bear close watching.

As far as wheat is concerned, great secrecy still surrounds the scope and character of British buying, although it may be inferred from the comparatively quiet markets that no large-scale operations are as yet being attempted. This is not surprising, owing to the heavy reserve stocks which were built up in the United Kingdom prior to the outbreak of hostilities. The apparent disinterest on part of the British government is causing dissatisfaction in the Dominions. The farmer who remembers $2 wheat in the last war cannot reconcile himself to the present price of 70¢ a bu delivered Winnipeg, and is clamoring more and more for government control and a fixed price more in line with that paid to producers in the United Kingdom. It isnow being discussed whether present open trading in wheat should continue, or whether to suspend futures trading on the Winnipeg exchange and conduct all marketing through a central agency.

One is always prone to think of what has happened in the past, but we have continually pointed out that conditions surrounding the grain markets are entirely different from those at the outbreak of the war in 1914. According to Broomhall, from 1914 to 1918, France imported an average of 81 million bu per annum, compared with imports of 46,400,000 bu during the 5-year period, 1909-13, and he now estimates that France and her colonies have a surplus supply amounting to 72 million bu, and there is a report circulating that French wheat is being sent to the United Kingdom in small boats. Furthermore, during the period, 1914-18, there was a notable shift in the British demand for wheat and flour to North America, owing to the fact that Russian supplies ceased entirely, and much less wheat was imported from the more distant countries, such as India, Argentina and Australia. This redistribution naturally greatly benefited the United States for the reason that at that period the Dominion was unable to increase its production as rapidly as the emergency demanded. With the presentvast supplies in Canada and surpluses in the United States and Argentina, as long as England commands the seas, she will not face the loss of abundant supplies.

Meanwhile,weather,developments in this country continue rather discouraging. There was no moisture of consequence reported this morning, and the forecast held out no hope for an immediate change. According to one of the long-time prognosticators, no moisture is predicted for the next week, with several decided changes in temperatures, ranging from unusually warm the forepart of the week to an abrupt decrease to new low values of the season for the latter part. We have received advices this morning from a very reliable source in Buenos Aires that, owing to the persistent rains, prospects of the new wheat crop in the provinces of Santa Fe, Entre Rios, and central Buenos Aires are rather bad, although the remainder of the territory is so far in good condition.

Primary receipts of wheat amounted to 493,000 bu versus 532,000 bu last week, and 802,000 bu same period last year. Kansas City, Duluth and Minneapolis show a decrease of 433,000 bu so far this week, which would indicate some decrease in the visible supply on Monday against an increase last year of 17,000 bu.

Flour sales continue to be very light, and both the domestic and export demands are dull at the moment, although this is being offset by the amount of wheat being kept off the market under the Federal

(OVER)

loan and other agencies. As of October 26th, it is estimated that the total amount of wheat from the 1939 crop under the Federal loan is 146 million bu; in addition there is slightly over 10 million bu tied up under the Crop Insurance plan, or a total somewhat in excess of 156 million bu. Normally, this wheat would come on the market, hedges would have to be absorbed, and new buyers found to take same. However, finally instead of being absorbed these supplies will still be overhanging the market, but at least temporarily it might lead to a tighter situation.

With no weather relief in sight, more attention is being built up in wheat, and it may be possible that with less enthusiasm in the stock market at the present time, traders may again turn more to grain. At the close December wheat showed an advance of 3/4¢ per bu, and the May was 7/8¢ per bu higher.

Corn also derived benefit from the advance in wheat prices. It is intimated from Washington that the officials of the Department of Agriculture have virtually completed the ground work for the new AAA program on corn. It is thought that this program will include the cutting of acreages from 7 to 15 per cent in the major producing counties of the 12 mid-western States, with a possibility that the benefit payments to corn producers might be increased.

All grain markets were helped by the advance in soybeans. This commodity has enjoyed a very healthy export business, and according to an article published recently, a use has been found for soybeans in the manufacture of munitions.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 6, 1939.

World shipments of wheat and flour were about 4 million bu smaller this week than a year ago, but apparently Europe was stocking up last season for an emergency, and at the present time is living on these reserves; therefore, only taking minimum quantities from the surplus countries. The first grain vessel which was carrying wheat from Galveston to Antwerp was sunk, and, of course, its cargo destroyed. Up to the present time, the torpedoing of boats has been quite insignificant in comparison with the cargoes that were sent to the bottom during the World War, and probably the reason for less damage being done at present is the convoy system which has made shipping safer.

For several months now, we have had extremely dry weather and, according to the government, it is now becoming too late for germination and growth sufficient to survive the winter, even if good rains should come immediately. There may be exceptions, of course, in the territories farthest south where temperatures are comparatively mild, and we have in mind Texas and parts of Oklahoma but elsewhere we doubt whether moisture would be of much benefit. As a matter of fact, no rains of consequence are being forecast, and the weather bureau at Kansas City claims that this was one of the driest fall periods on record, so that the outlook for next year's winter wheat crop is anything but pleasant.

It seems that war alone is not sufficient to stimulate much buying, and even the tremendous quantities that were impounded because of the government loan have not yet had their full effect. According to the latest figure, about 146 million bu of wheat has been withdrawn from the market, being under federal loans, and possibly an additional 10 million bu are tied up under the insurance scheme. Unless this situation is altered, a good part of the carryover next July will be in government hands, although at present supplies everywhere seem adequate.

Today figures were issued showing that the big mills of the country had about 10 million bu more wheat on hand than a year ago, and we now have all the statistics, so that we can arrive at the total supplies in this country, as compared with last year. These follows

	Oct. 1, 1939	Oct 1, 1938.
Farm stocks	332 million bu	401 million bu.
Commercial Visible	161	139
Interior Mills	162	174
Big Mills	174	164
Total	829 " "	878 " "

In view of the above, and in order to arrive at the apparent domestic disappearance for the first three months of the crop season, we repeat below figures which we have given previously in market letters of the past:

	1939	1938
Total Crop	739 million bu	931 million bu
Carryover	254	154
	993	1,085
Less Exports	18	27
Total	975 " "	1,058 " "

Thus, it will be seen that the domestic disappearance this year amounted to 146 million bu versus 180 million last season, or in other words, for the first quarter the apparent disappearance was 34 million bu smaller than in 1939.

(O V E R)

Primary receipts were light today, but little attention was paid to statistics; not even a decrease in the visible supply of 1,555,000 bu made much of an impression upon the trade. Total stocks are 134,703,000 bu, or about 8 1/2 million bu greater than a year ago. Chicago stocks decreased 117,000 bu.

The nearby month remained comparatively strong; in fact, gained somewhat upon the deferred futures. At the last May wheat was 1/4¢ per bu higher than on Saturday. Trade was probably better than on Saturday when only 13 million bu of wheat were handled in the whole pit, although much of the buying today seemed to be for local account. Speculators generally are disinclined to pay too much attention to crop reports in November.

Corn was steady, and the visible supply increased, although the movement is rather light considering the size of the crop. Corn picking will be pretty well completed in another week, and some of the surplus is coming to market because of lack of crib space, but farmers who can and who are eligible for the loans are presumably waiting with the thought that they will do better than by outright selling. Furthermore, a larger percentage of farmers are eligible than a year ago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 7, 1939

Ordinarily at this time of the year, thoughts are directed toward the outcome of Southern Hemisphere crops. At present, European buyers are not much concerned with this factor because supplies previously accumulated are so large that it does not matter a great deal whether the harvests in Argentina and Australia are a little larger or smaller than normal. A year ago, it appeared as though the Argentine might raise 280 million bu, but yet, when these figures were mentioned they were somewhat discredited because they looked rather high, and still the final yield was 336 million bu, as almost everything went well until the wheat was cut. This season, with a slightly smaller acreage, the condition is only said to be slightly better than fair, although there seems to be a chance of raising anywhere from 240 to 250 million bu, which would be ample in view of the big carryover from the previous crop. In Australia, there has been some relief recently, as rains have fallen, and authorities believe that results will be much the same as the last crop, which probably explains the great indifference on part of British buyers.

This past week, nearly 4 million bu of wheat and flour were shipped from the Argentine, and the bulk of it was destined to England and neutrals, with only about 20 per cent going to Brazil. In the meantime, demand from Canada is light and the weekly shipments are quite a disappointment, with the result that the Eastern terminals still remain blocked; were it not for the war, private agencies would probably be greatly worried over the outcome as a much better export outlet in peacetime would be necessary to avoid trouble later on.

However, the Canadian government is apparently satisfied to build up large war reserves, and just now they seem very little concerned over the poor demand. They may figure that the British government during the winter months will draw upon Canadian wheat which is stored in Eastern U. S. ports, but in any event, it is almost a foregone conclusion that Canada will be compelled to carry over tremendous quantities next August.

Our own picture remains about the same. Reports from the Southwest continue pessimistic, and the Robinson resume today emphasized the seriousness of the dry weather, making some allowance for improvement if moisture came during the winter and spring, which might offset the very bad start. One cannot figure at the moment on average conditions, although we should like to call attention to the fact that over a period of ten years abandonment was about 12.6 per cent. Many believe that because of the prolonged drought that it will be very much heavier next spring. We give below some statistics for the past eight years:

YEAR	AREA HARVESTED	YEAR	AREA HARVESTED
1932	36,056,000 acres	1936	37,687,000 acres
1933	30,272,000	1937	46,946,000
1934	34,638,000	1938	49,711,000
1935	33,402,000	1939	38,572,000

From the above, it will be seen that the smallest acreage harvested was in 1933, and that year was somewhat similar to the present one, at least that the previous fall had been very dry and the outcome of the crop was very poor. We are not predicting that the results in the summer of 1940 will be similar, although, of course, there is that possibility, and we think this is the main issue at the moment and is the reason for our price level being so much higher than competition.

(OVER)

There is virtually no wheat being offered from the United States for export, except occasionally on subsidy, while a year ago, Mr. Wilcox, of the FSCC, had just left for Europe in order to find buyers who could use our surplus grain, and it was not long after he had arrived that a large trade was consummated with Britain for the sale of 25 million bu of our wheat, although with the present drought situation and the war, we do not think any large deals of that kind are even being considered.

Primary receipts today were 542,000 bu, or practically the same as last week, while a year ago there was a holiday. Kansas City and Minneapolis stocks so far this week show a net increase of 15,000 bu.

Our market was firm until the last hour when peace proposals from The Hague, initiated by King Leopold and Queen Wilhelmina, caused some profit taking with May wheat showing a loss of 1/4¢ a bu. December wheat is comparatively strong and increased its premium over other deliveries.

Corn was firm early in sympathy with the leading cereal, but also eased off with small selling orders in evidence. The primary movement is just fair and includes each day some of the government grain which is being moved from the country to terminals, although the bulk of the arrivals represents a free movement.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 8, 1939.

The belligerents apparently did not take kindly toward the peace proposals which emanated yesterday from heads of the Belgian and Dutch governments, and no doubt the allies felt that unless Czechoslovakia and Poland could be restored, the German armies greatly reduced, and Hitler ejected, there was little use of attempting any negotiations at this time. Germany will probably consider a formal reply, but for the time being at least, it looks as though hostilities would be continued.

There was news this morning that weather was mostly clear in the Argentine, which, of course, is favorable for the ripening of wheat in the North, as well as for the planting of corn, and for some reason Nature has not been too provident this season, because while we were experiencing one of the worst droughts in the winter wheat territory on record, heavy rains in the Argentine during the past nine weeks have averaged about seven inches above normal in the North, and six inches above normal in the South. This has caused much lodging of wheat, and as we pointed out yesterday, prospects are now only slightly better than fair, although, of course, favorable weather might bring about a quick change.

In Australia, good progress has been made, and in some sections, cutting is expected to start within a few days. The Australians are negotiating for the sale of their new wheat to Great Britain, but up to the present time no satisfactory price has been reached, and it will be rather difficult to get information as to actual shipments because figures during the war are being withheld.

In the Argentine, due to the low price, they are doing much better in the way of reducing their surplus than had been expected earlier. That nation very seldom carries much wheat over from one crop to the next, and while their merchandising policy earlier in the season was rather poor, during the past fourteen weeks shipments have averaged about 3 1/4 million bu weekly. Should they be able to keep up at this rate, they may have their carryover supplies down to possibly 70 million bu by the end of December.

The picture is not nearly so optimistic in Canada. Even this late after harvest, country marketings are running very large and totaled more than 7 million bu last week, while the exports were less than 2 million bu. This being the case, supplies continue to pile up, and probably some of the boats in Canadian eastern ports will have to carry their cargoes through the winter if they are unable to unload. There is some talk of attempting to make direct government sales of Manitoba wheat to Britain. Canada has raised close to half a billion bushels this past season, and has exported only a small percentage of its surplus, while Britain has apparently demonstrated her ability to obtain large quantities of wheat fromAustralia and the Argentine at comparatively low prices. With storage facilities all over Canada choked, it appears likely that Ottawa officials will make much greater efforts to get grain into exporting channels,and this, in our opinion, can only be done by keeping the price level attractive.

In our own country, there was no important moisture overnight, nor is any looked for during the next twenty-four hours. The government weekly weather report was rather pessimistic, at least, for the SouthwesternStates, and attention is directed again to the small amount of precipitation during the past three months. We had a message from Enid, Oklahoma, and the State Department of Agriculture claimed that rainfall for the month of October was 1.33 inches below normal for that State, and they called attention to the fact that the principal wheat producing sections suffered with the result that the crop had the poorest prospects on record for this time of the year.

(O V E R)

Primary receipts were about the lowest for the season of the year that we can remember --at only 397,000 bu versus 621,000bu last week, and 928,000 bu last year.

There was no feature here, and also no important selling. Very likely with continued dry weather here somewhat higher markets will be witnessed, although the big Canadian surplus is preventing too much enthusiasm, with Winnipeg futures at the biggest discount under us that they have been at any time. Closing prices here showed fractional gains.

Corn was rather neglected, and while it is not likely that the export demand will pick up appreciably, there seems a betterment in the feeding situation, and this, together with the large amounts that are being impounded, suggests firmness for the time being; later on when the movement drops off better prices seem likely.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 9, 1939.

A time bomb, which exploded yesterday shortly after Hitler's Munich address, was apparently an attempt on his life, thus establishing the fact that everything is not entirely tranquil in Germany. We stated sometime back that with more people in possession of arms, guns might be shot backwards as well as forwards, although this seems to be the first major disturbance internally.

Neither Germany nor the allies have suffered severe enough reverses at the early stage of the war to sue for peace, and recent statements by all of the belligerents would indicate that hostilities would continue. Deep in their hearts, all nations realize that war entails a gigantic waste of goods. Both war and post-war experience alike suggest that the right policy is to economize and replenish all economic resources as much as possible while the war is going on.

Among the allied forces, there appears to be complete confidence. The rapidity with which economic adaptation has been carried through is encouraging, to say the least. There has been a turn for the better in diplomatic events; also, the reception of regular information about what the government is doing and about the power and equipment of armies has kept the spirits of the people high. Therefore, we see nothing in the immediate future to make us believe that hostilities will end, unless Germany is prepared to make much greater concessions than apparently she has considered up to this time.

Political news, which a few days ago was paramount in affecting our grain market, was pushed into the background today, as attention was again directed towards Southwestern weather. There had been no rain overnight, although during the session light sprinkles were reported at a few points in Texas, Oklahoma, and Kansas. Enid, Oklahoma, claimed light moisture, and the same was true at Salina, Hutchinson, and Pratt, Kansas. While a few territories are being slightly benefited, there were also reports of dust storms in central and western Kansas, which is quite unusual at this time of year. Our own weather man is not too hopeful, although believes that the map promises local showers for the Central States, and possibly a little moisture tonight in eastern Nebraska and eastern Kansas.

In any event, liquidating orders were encountered today, which resulted in unsettling the market, as trade was extremely light, and no impressive buying seemed to make its appearance.

Estimated Argentine shipments are slightly over 4 million bu this week, and weather conditions in that country appear to be improving after the excessive rainfall of the past two months. Recent crop estimates have been reduced, but not sufficiently so to carry much weight marketwise.

There were no grain shipments this week from South Russian ports, although Black sea clearances were 1 1/4 million bu, which was almost double the quantity of last week.

Primaries today were slightly better at 532,000 bu versus 434,000 bu last week, and 890,000 bu last year. Kansas City and Minneapolis stocks show a net decrease of 115,000 bu so far this week.

Milling business is still very quiet, and it seems that hardly any hedges are being taken out of the market, although carlot receipts are light everywhere, and this is bound to make inroads into accumulated reserves as time goes on. However, without much export business it is a slower process.

At the last December wheat showed a decline of 1 3/8¢ per bu, while May wheat was 1 5/8¢ lower.

Corn was very inactive, but fractional losses came about in sympathy with wheat. The chances are that the movement from the country will gradually become of smaller proportions, but even at a time when it would ordinarily have been quite heavy, receivers found it disappointing, as farmers were holding back due to the feeling that the loan price for the coming year would be fully as attractive as previously.

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CHICAGO MERCANTILE EX.

CHICAGO November 10, 1939.

Our wheat market yesterday had been subjected to rather heavy liquidation, owing to a few rains that had been reported over Southwestern districts. Although the weather forecast was not particularly optimistic, it was felt by some that sprinkles often are the start of precipitation, and in this connection, it is to be noted that the traders were wiser in their prognosis than the weather men. Eastern and central Kansas had considerably better relief than had been looked for, and there can be no question that these rains will do a lot of good wherever they fell, even though it is quite late in the season. On the other hand, they cannot make up for the huge deficiency, and from Kansas City, for instance, there was a report that the shortage of moisture after eighty-eight days of drought was so marked that even after allowing for the recent rain, there was still a deficiency of over nine inches. Sometimes, of course, the timing is just as important as the quantity, and we have seen years where moisture well distributed and coming at propitious periods did much more good than when a heavy downpour came all at once and then dry weather set in for several weeks. However, clearing skies are likely with much lower temperatures, and since not much growing weather remains before hibernation, the trade, after an early break, took to the constructive side of the market; and in this they were also encouraged by an advance in Winnipeg, which was the first in many sessions.

Large Canadian wheat sales were reported and the British government has been much more active during the past few sessions, with many million bushels having been booked in the past week. The Canadian situation is such that it almost becomes imperative to ship freely, as the visible supply is 171 million bu greater than it was a year ago, with 361 1/2 million bu of wheat on hand and almost all storage facilities choked, so that further increases are limited by physical capacity. Up to the present time, actual overseas clearances are only 57 million bu compared with 55 million bu a season earlier, and on basis of the last crop estimate, Canada still has 383 million bu to export, or for carryover next August. The chances are that when the Dominion report is revised today the Canadian situation will be found even more bearish.

Argentine shipments this week were tremendous, being in excess of 5 million bu, and sometimes they are no larger right after harvest.

As for our own situation in the United States, we find that 23 1/2 million bu of wheat and flour have actually cleared since July 1st. On this basis, it would be possible to export close to 150 million bu and still have a minimum carryover next July, although we doubt whether export shipments under subsidy will be pressed, unless prospects for the next crop improve materially.

Primary receipts today were quite light at 436,000 bu compared with 493,000 bu last week, and a holiday last year. Kansas City, Duluth and Minneapolis stocks so far this week show a net decrease of 391,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 1,109,000 bu.

Whatever weakness occurred today came right after the opening, and thereafter a better sentiment in securities and higher prices in Winnipeg were helpful in bringing about improved grain prices. With clearing weather setting in, a number of local operators who had previously liquidated, reinstated their positions, and at the last December wheat was 1 1/4 per bu higher, while May wheat advanced 1 1/8¢ per bu.

Corn was also firm. The movement is keeping up fairly well, but yet is very moderate taking into account the huge carryover, and the size of the present crop. The government loan policy is apparently responsible for this situation.

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CHICAGO MERCANTILE EX.

CHICAGO November 13, 1939

World shipments were heavier than at almost any time since hostilities started. With 10 1/2 million bu of wheat placed afloat, shipments did not fall far behind those of last year, although it is to be noted that Argentina furnished more than 5 million bu and apparently, the low prices are helping to get that wheat into export channels. The British government was reported a heavy buyer of Manitoba wheat the latter days of last week, but apparently, their purchases were sufficient for the time being, because with the advance in Canadian prices, demand over the week-end was again very limited. There can be no question that England's import requirements can easily be taken care of by Canada, as this past season she raised the second largest crop on record, and the official estimate released late Friday places the crop at 479 million bu. During peacetime this might be sufficient to scare traders, and it compares with the reasonably good crop last year of 350 million bu, and the five-year average of 300 million bu.

In addition to this, Canada has also raised a big rye crop, which is estimated to be in excess of15 million bu, or about 2 1/2 times as large as the five-year average. Barley and oats were also considerably better than average, so Canada has a real problem still confronting her, unless clearances should increase more rapidly, and we should not be surprised to finally see considerable Canadian grain coming to the U. S., if for no other purpose than for storage. While officials from Ottawa have been busy in London trying to effect larger British purchases, actual prices have been maintained, and considering the size of the Canadian wheat crop, only the surface has been scratched insofar as exports are concerned.

Our market was rather firm at the start as there has been no rains of consequence since Friday, but the weekly forecast was somewhat more promising as several precipitation periods were looked for towards Wednesday or Thursday, but the map itself does not indicate immediate relief. With so very little trade from the outside, there seemed to be very little to carry our market up after Friday's rally, and in fact, when local professionals tried to sell they found only limited support, and this, together with a reaction in stocks, led to lower closing values.

We are indeed missing the guidance which we received from the Liverpool market for many years. During 1938, total wheat trade in Liverpool only amounted to 369 million bu, or less than 6 1/2 per cent of the volume in Chicago, but nevertheless, it was the pulse of European trade, and hardly any large transactions were carried on in Europe that were not in some way reflected in the Liverpool price structure. When history is written, we believe that the 1939 Chicago volume of wheat trade will be found to have been smaller than last year, and even at that time it was only about half as great as in 1937. In spite of war, it has not been easy to stimulate speculative activity, but very likely governmental interference and the various taxes have acted as deterrents.

When the visible supply of wheat was posted, it showed a decrease of 1,736,000 bu, and total supplies on hand are 133 million bu, or approximately 8 million bu more than a year ago at this time. Chicago stocks showed a decrease of about 200,000 bu, but there are still close to 8 1/2 million bu locally held. Primary receipts over the holiday were 981,000 bu versus 561,000 bu last week and 903,000 bu last year.

Some of the local professionals who had bought wheat last week were disappointed when Winnipeg prices reacted, and this, together with a lower stock market, caused some selling of futures, with December wheat declining 5/8¢ a bu, while May wheat was down 1/2¢.

While last week's rains in the Southwest came as a distinct aid to farmers where they fell, it is felt that so much damage is irreparable, particularly to fall crops, that even further moisture, if it comes now, may be too late to revive the wheat plant, and with this in mind, we do not look for any very sharp breaks.

Corn was slightly weaker. The visible increased 4 million bu, but we look for the movement to fall off shortly, as farmers appear to be waiting for the government loan, which in all probability will be more attractive than the present price level.

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CHICAGO MERCANTILE EX.

CHICAGO Nov. 14, 1939.

We are asked continually why trade in grains is so indifferent, with the severe drouth in the Southwest, the war, and impending inflation. It is probably due to a combination of circumstances; tremendous supplies of wheat in the balance of the world always suggest that if our price level goes too high, we shall be threatened with imports. Possibly the many governmental restrictions are responsible for the small volume of trading in all commodities and in securities. Lastly, but equally important, is our present tax structure. Excessively high tax rates on large incomes, and especially taxes on capital gains, have driven "risk money" into hiding. A good many people are willing to take a risk when there is a chance of gain, but when they have to give up a large share to the government, it naturally restricts their operations; and we would say that the capital gains tax is probably one of the most detrimental on the books. It has much to do with the stifling of ambition and preventing the development of new enterprises, thus impeding many fields of endeavor, and in general, checking confidence.

The stock market also has acted rather indifferent, and people recognize that the only way business can pay high wages and high taxes, and still keep going, is to add these taxes to its operating costs, which, in turn, must be reflected in higher prices to the consumer.

As an example of the burden placed upon industry, taxes paid last year by the steel industry alone were equivalent to one year's wages of 83,000 workers. We have, of course, many taxing agencies, such as state, city, county, etc., but the federal government alone is spending $23,000 every minute of the day and night, including Sundays, and of this amount $11,500 is being added every minute to the public debt. When our market opened this morning, there was very little news. Overnight weather remained dry and the map did not indicate much moisture during the next 24 hours. Thus, it seems that the winter wheat crop in many important sections of the Southwest is entering the winter with a poor start.

Broomhall spoke of the Southern Hemisphere crops, and was pessimistic on the outcome of the Argentine wheat crop, due to the excessive rains, figuring that only 200 million bu might be harvested this coming season. If this is compared with the bumper yields a year earlier of 336 million bu, of course, it would be a tremendous drop; but in 1937 only 188 million bu were harvested, so with the large carry-over, we doubt whether this will be much of a factor. He was somewhat more optimistic on the Australian situation, indicating a possible yield of 180 million bu, compared with 151 million bu last year, and 188 million bu two years ago.

In any case, it is doubtful whether Europe will need as much from these two countries this coming season as in normal times, because of the long haul, and, therefore, the huge quantities still remaining in Canada afford great comfort to European buyers.

Primary receipts today were 624,000 bu versus 542,000 bu last week, and 841,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 10,000 bu.

There was very little feature to the market; in fact, it fluctuated within narrow limits. We asked our various offices in the Southwest to report on crops, and the answers were somewhat mixed. Those that were in the territories which received rains last week, reported some improvement, but a good many districts were quite pessimistic as to the outlook. Final prices were hardly changed from the previous session, and we believe that the volume, if anything, was smaller than yesterday when only 12 million bu changed hands in the wheat pit.

Corn was barely steady; the movement from the country seems to be holding up fairly well, but it is not large considering the size of the crop. Apparently many farmers are going to take advantage of the government's liberal loan policy.

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CHICAGO MERCANTILE EX.

CHICAGO November 15, 1939.

Ordinarily at this time of year we reach the peak of wheat accumulations, insofar as our visible supply is concerned, and from now until spring, inroads are made upon the surplus stocks that have been built up, with the result that hedges are withdrawn from the market. The process may be somewhat slower this year, because of the fact that we are doing almost no export business in wheat and very little in flour. During the World War (1914-18) Europe gradually substituted flour purchases for wheat purchases, the objective being, of course, to economize on ocean tonnage, and if the same were to occur at this time, the increase in the flour subsidy might be helpful. However, it seems to be the general impression that the U.K., which is the largest buyer, will continue to take wheat in preference to flour, unless the German campaign against themerchant fleet assumes much more serious proportions and meets with a much greater degree of success than it has in the past. In practice, England prefers to grind its own wheat into flour, thus keeping localindustry alive, and furthermore, if they did purchase the finished product, it would deprive them of a valuable supply of mill offals which can be used for feeding purposes.

We have claimed right along that it would be uphill work to get our grain, particularly wheat, into export channels, if for no other reason than because both Canada and Australia claim a war-time preferential right to British markets, and there is even some talk that Britain is negotiating to buy not only the existing stock of old Australian wheat, but even the new crop surplus, which appears to be larger than the previous one. During recent weeks, neither the war nor the drought situation has materially influenced our markets and traders have been looking to other factors for a possible clue as to what the next market trend might be. A good many advances or declines in the stock market are reflected in the pit, but even securities have been hesitant because high taxes have retarded business expansion and in many ways prevented employment. Money which was paid out by business to the government in taxes is money that could not be used to increase payrolls, or to give useful employment. As an example, for instance, of what we are faced with, we call attentionto the fact that every fourth dollar of the family budget is earmarked as soon as it is earned to be paid out in tax money. This contrasted with 1913, when only $1 out of every $15 in the budget was necessary for taxes, makes a rather striking comparison. Last year 163 of our typical American companies, employing nearly 3 million workers, paid in taxes an equivalent of $576 per employe. If we take the petroleum industry alone, we find that they had a payroll of about $1 1/2 billion and paid out taxes which totaled almost the same amount.

When our market opened, the same indifference as previously was displayed. The domestic flour business continues very disappointing, and according to the Northwestern Miller's weekly survey, the hard winter wheat mills booked only 28% of their milling capacity, compared with 59% the previous week, while in the Northwest the new business was 36% of capacity, or the same as a week earlier. In milling circles, also, it was found, that neither war nor unfavorable crop prospects were successful in attracting additional flour purchases.

Primary receipts today were small at 440,000 bu versus 397,000 bu last week, and 632,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a net increase of 23,000 bu.

The volume of trading was extremely light, probably much the same as yesterday when only 10 million bu were handled in the whole wheat pit. At the last weakness developed with some prospect of rain in southeastern Kansas tonight, with May wheat showing a decline of 5/8¢ per bu.

Corn followed the leading cereal. There was very little feature, except that the primary movement dropped off considerably from last week, and we believe that increases in the visible supply will be small from now on.

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CHICAGO MERCANTILE EX.

CHICAGO November 16, 1939.

In an ordinary year we probably ship about 70 per cent of our wheat exports during the first three or four months of the crop season. During the period from July to September we have often had the field more or less to ourselves before the Canadian crop was ready for market, and at a time when Southern Hemisphere pressure was quite light. Of course, calculations have been upset recently due to several changes which have taken place. At the present time, there is still an exportable surplus of wheat in the Argentine of around 95 million bu; so with the very low prices they apparently can ship as much weekly as at the beginning of an ordinary season. Furthermore with the reserve stocks in Canada so large, they were in about the same position before their new wheat was available. In any event, Europe has the same information as we have, and despite the war, world shipments to Europe since August 1st have been about 39 million bu smaller than the year before, while ex-European nations have taken about 5 million bu less. It must be remembered that Europe had laid in large reserves for war emergency; and in addition to this, most countries abroad are curtailing their wheat consumption by increasing the flour extraction to as high as 90 per cent in some cases. In England, there is no further restriction of acreage; in fact, some of the larger parks have recently been converted to areas where winter wheat could be sown. There has been some talk recently that Britain has been taking a larger percentage of wheat from Canada, and very likely this is the case, as Winnipeg futures have shown a much firmer undertone. However, the Canadian government has recently increased the estimate of their present crop by 30 million bu, so they have tremendous surpluses to contend with. Also Rumania has recently increased its figures by 13 million bu, while Australia has officially claimed that prospects have materially improved, so that the likely surplus this coming season would be 130 million bu instead of the earlier estimate of 110 million bu.

Therefore, in these three positions, there are 63 million bu more wheat, which should more than offset the possible reduction in the Argentine, where some private observers contend that the coming crop will only amount to 200 million bu, while previously expectations had been for a normal crop, which would have been in the neighborhood of 250 million bu.

Reviewing all the changes, it is still more than likely that the world carryover at the end of the season will be 1,440 million bu, or the largest on record, and nearly three times as great as the figure two years ago. This apparently resolves itself into more or less of a domestic picture for the United States if we are to remain at such big premiums over competitors. With the very poor start in the winter wheat belt, we face the possibility that the winter wheat crop next summer may not exceed 400 million bu, and adding to this 200 million bu for spring wheat, there would be a deficiency of say 75 million bu after making allowance for home requirements. This in conjunction with the large quantities of wheat impounded under the loan, estimated a few days ago at 170 million bu, is apparently the basis of minor bullish interest in the market, and explains why the 85¢ level has been maintained despite very little activity in export circles, and the very slow milling demand in practically all parts of the country.

Primary receipts today were light --447,000 bu versus 532,000 bu last week, and 839,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 54,000 bu.

Early in the session weakness occurred because of a few sprinkles around the Wichita district, and some moisture in the northeastern part of Oklahoma, but apparently the benefits were confined to rather small territories, and no general break-up is in sight. Recoveries from the low points carried the close to fractions higher, both for December and May wheat.

Corn was firm, and the continuation of last year's program is expected under the loan policy. The new rate has not yet been announced, but it likely will be around 57¢ a bushel, and with more farmers eligible it is probable that terminal markets will suffer because of the holding tendency on part of producers.

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CHICAGO MERCANTILE EX.

CHICAGO November 17, 1939.

Despite the fact that there is still a war in Europe, one hears of very little excitement along the fighting fronts, and in fact, people on this side are listening less to the radio than heretofore, since activity is at low ebb. It is not surprising, therefore, that the various commodity and securities markets have not been stimulated, although undoubtedly preparations are still going forward for a prolonged siege. With over one hundred German divisions at the front, even with the comparative quiet, it means that these men are taken from gainful pursuits, and probably as in the last war, agricultural production will suffer greatly.

We find that in 1918, which was the last year of the World War, Germany's production of wheat, barley, oats, and rye was about 400 million bu smaller than before hostilities. It is not surprising, therefore, that present rations are held down to a minimum, because nothing like this quantity could be replaced by imports with the British blockade as effective as it is, and with imports from Russia rather disappointing. It is true, during the last war French production of various cereals suffered materially, with the shrinkage amounting to about 240 million bu during the same period, but in that case it was largely due to the fact that her land was occupied and that the farmer could not utilize the soil while actual fighting took place in France.

As far as the allies are concerned, they seem to be getting along quite satisfactorily, and supplies seem to be reaching them from overseas' markets, so that the average diet of the Frenchman and the Britisher is less curtailed than that of the German.

Information from Liverpool is to the effect that a new understanding between the British Cereal Import Committee and the Canadian Wheat Board has been reached, whereby British buying of Canadian wheat is to be resumed. This information came to us by mail, but apparently is correct, as lately Ottawa has been able to sell larger quantities of wheat to England. Meanwhile, the British mills have been advised by the Minister of Food to increase the proportion of Manitoba wheat in the milling mixtures to about 40 per cent, if possible. This, of course, will be helpful, although Canada still has tremendous supplies on hand, the latest visible supply showing 171 million bu more than last year. Taking the new Dominion figures, and allowing for home consumption of 128 million bu, which is considerably larger than in recent years, there is still close to 412 million bu on hand either to be exported during the next eight months, or to be carried into the next crop. This compares with only 194 million bu last year, as exports up to the present time are approximately 17 million bu short of what they were in the 1938 season.

Trade in this country keeps watching the weather very closely, and while there were a few overnight showers in scattered districts of the Southwest, they were apparently insufficient as the drought has extended for many months; so we find that the September-October rains in the State of Kansas were only 19 per cent of normal, and in the west not much of the grain has germinated. In fact, the situation has been so serious that even stock water remains deficient in the East, and must be transported from other regions. In Texas, nearly all the winter wheat is now planted and much is up to good stands, but the average condition is only fair in the extreme Northwest, where rain is needed badly, although it is mostly good in other sections, where the plant was revived by recent moisture. Oklahoma reports that temporary relief has occurred and surface conditions have improved, but subsoil is still very dry. On the whole, the situation is not at all optimistic in the Southwest, and we believe that the government report in December will confirm this when the condition figures are revealed.

(O V E R)

Primary receipts were 481,000 bu versus 436,000 bu last week, and 896,000 bu last year. Kansas City, Duluth and Minneapolis stocks show a net decrease of 757,000 bu, indicating that there will be a fair decrease in the visible supply on Monday; a year ago it increased 719,000 bu.

There was practically no feature; the market sagged, with fractional losses established.

Corn trade was also indifferent, but bookings are not large, and we believe this cereal has merit as there are no heavy accumulations taking place, even at the peak of the movement.

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CHICAGO MERCANTILE EX.

CHICAGO November 20, 1939.

There was very little European news over the week-end. Several additional vessels were sunk, but the British government is not giving out much information on this subject and it is rather difficult to tell whether any of these boats carried grain. It is our own impression that most of the freighters which have been sent to the bottom have been carrying cargoes other than wheat. North American shipments were somewhat heavier this week, with 4 1/4 million bu placed afloat, but this was still somewhat smaller than last year and shows that despite great efforts on part of Ottawa to get wheat into export channels, European imports are smaller than in peacetime. The only other large contributor is the Argentine, and it seems that since August 1st, shipments from South Russia have only amounted to about 1 million bu, while last year they had already shipped about 28 1/2 million bu. Of course, there may be some Russian grain that will finally go to Germany, but on the whole, the attitude seems to be rather one of holding than of selling. With the tremendous quantities of wheat everywhere in the world, we are just as convinced as ever that even with a war taking place in Europe, prices would be extremely indifferent were it not for the drought situation, and this occurring in our country has more effect upon domestic prices than any other factor.

There were some fairly nice rains in Missouri over the week-end; in fact, the Central States benefited and a number of territories are now reporting some improvement; at least, surface moisture has given the plant a chance to germinate, but the important areas of the far Southwest have been practically unrelieved, and October was the fourth driest in the history of Kansas since weather records have been kept, so together with the dry month preceding it, the crop has gotten off to a very poor start. In the western third of the state, conditions are exceptionally severe and for the past three months it has been the driest period ever known at this time of year, with only 30% of normal precipitation being reported. Under such circumstances, nobody can be optimistic with regard to the results of next year's crop, although there have been times when miracles have taken place, and while we never anticipate such things, it might be that a very heavy snow covering during the winter months, or a particularly wet spring, will offset in some measure the poor condition thus far experienced.

It is very seldom that the trade works up a crop scare in November, and certainly there is no exception to this rule at the present time, with the volume of transactions at low ebb. On Saturday, for instance, there were only 7 1/2 million bu of wheat transacted in the pit, and with the milling demand still very slow it seems that only nominal amounts of hedges are being removed, while the speculative element seems to be awaiting new incentives. Many people though, realizing the seriousness of the drought, are somewhat afraid that with the enormous amount of wheat remaining in Canada that we are too close to an import basis for real comfort on the bull side of the market. The fact that there is a very large amount of wheat which is not going through the usual commercial channels is also a factor, and according to the latest figures, 157 million bu are impounded under the government loan. Of this amount 28 million bu are stored on farms, while 129 million bu are in country and terminal warehouses, but even with the price level higher in most markets than the government loan, there seems to be very little anxiety on part of producers to liquidate their obligations.

The visible supply of wheat decreased nearly 3 million bu, and is now only about 4 million bu greater than in 1938. Primary receip were just moderate, and carlot arrivals at various markets were still small. Chicago stocks decreased 251,000 bu, and there is only slightly over 8 million bu locally held.

(O V E R)

The small, but continued sales from this market have had a bullish effect upon the nearby future as compared with the other months. At the last May wheat was 1/8¢ per bu higher than the previous close.

Corn was barely steady. The visible supply increased 2,652,000 bu, which is not particularly large considering the big carry-over and the good crop just raised. However, the farmer is not in a a selling mood, as he figures he can do better by taking advantage of the government loan shortly, and this will probably prevent heavy accumulations.

Oats remained firm. There was a shrinkage of 1/2 million bu in the visible supply, and with only about 1 1/2 million bu here in Chicago we continue to feel friendly to this cereal.

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CHICAGO MERCANTILE EX.

CHICAGO November 21, 1939

As a result of the recent sinkings by mines, the marine war risk insurance on the open market has been advanced. At the same time, the British government war risk office has issued a new schedule, which is largely a codification of the previous schedule, and we have not heard of any grain boats recently that were sent to the bottom. Mr. Chamberlain, in the House of Commons, claimed that Britain would retaliate against the Nazi sea warfare, which recently had sunk fourteen ships off the English coast; and very likely exports from Germany will be seized, as was done during the World War. England has called attention to many violations of international law and the ruthless brutality of the German methods, which have prompted this action.

When our market opened this morning, it was influenced by the same factors as recently. There had been no important moisture overnight and the map was not hopeful that any rains of consequence would fall in the Southwestern areas. Some of the locals made purchases in anticipation of the government report, which in December is expected to be quite bullish, possibly showing the lowest condition on record. Even Winnipeg advanced fractionally, despite the fact that the visible supply increased over 6 million bu the past week to a total of 356 million bu, compared with only 176 million bu a year ago.

The export demand has been very quiet and only a few Manitobas were reported sold; therefore, after a spurt a week or ten days ago, Britain has apparently settled down and is taking very small quantities, while the demand from the Continent is equally disappointing.

First threshing returns from the Argentine are rather pessimistic, and undoubtedly, the crop will be even smaller than average as the early returns in the North are running between 8 to 12 bu to the acre, probably averaging about 10 bu.

We have hardly ever known a time when outside speculation was as small as at present. Even with war and drought, the total trade in the wheat pit yesterday was only about 10 million bu, and probably a fair proportion of this consisted of scalping transactions, so that one can hardly expect any important trend. The advance of about 1/2¢ a bu right after the opening today was due almost entirely to the few small purchases by local professionals, and they met with little opposition. The fact that December wheat also remained firm was of some help, but the milling demand was still quiet and there was not much evidence of hedges being taken out of the market. Judging from the small receipts and the shrinkage each week in the visible supply, there is probably a normal consumption taking place, but yet, hand-to-mouth buying never creates the same excitement as when good-sized flour sales are made for future delivery.

Primary receipts of wheat were 407,000 bu versus 624,000 bu last week and 528,000 last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 75,000 bu.

There was no particular feature today; buying power lagged at the last, with the result that the early bulge was not fully maintained, and at the close prices were just fractionally higher than the past session.

Corn was pretty much neglected and the movement to terminals shows some dropping off. Shipments today were larger than receipts and we believe that finally the commercial demand will cut into the accumulated stocks; therefore, feel that as time goes on, the statistical position will be strengthened.

In oats, there is some fear of larger imports, but apparently, most of the Canadian varieties that are brought into this country will go to the New England States, but at the same time, it places a partial ceiling over our market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 22, 1939.

It was reported recently that Canada was receiving a generous proportion of the United Kingdom buying orders, but judging from the recent sales that have been reported by Winnipeg interests, the business has been extremely spasmodic. As a matter of fact, since August 1st, world shipments to European countries have been 42 million bu smaller than last year, but a part of this may be accounted for with hardly any Argentine shipments of late to Germany. Continental neutral countries have also bought more sparingly, and lastly, England has been living more or less on accumulated reserves, with the result that the U. K. demand continues to exceed the supply, but additional arrivals are expected to ease the situation.

There is a little wheat being shipped from the United States, although the government is making no great attempts to force export business; and while the FSCC is still allowing subsidies for flour, they seem to be more or less on the sidelines for wheat until more is known of next year's crop prospects. Even the last combined crop of winter and spring wheat was not much over domestic needs and, according to present indications, the results in 1940 may be quite disappointing, even though larger acreages have been permitted under the acreage control system.

In Canada, remaining supplies are still enormous, with the visible being about 180 million bu greater than last year. However, with better clearances lately the embargo has been lifted on shipments to Fort William, which will permit a freer movement of wheat to the head of the lakes, and may also relieve congestion of country elevators. There are already substantial quantities of Canadian wheat moving to American ports for storage, and we believe that Buffalo will receive considerable grain, so exports may carry on during the winter months.

The Canadian farmer is not altogether satisfied with prices, and although there has been an advance of about 10¢ a bu since hostilities started, he did not get the benefit of the rise because he had already been guaranteed a price of 70¢ under the government's minimum payment. Some farm organizations, we are told, are agitating for a fixed price of $1.15 a bu, which would be approximately the equivalent of the guaranteed price to the grower of English wheat. But from what we can learn, there is little likelihood that Canada will take advantage of the war in order to obtain unduly high prices from the mother country.

Primary receipts were moderate,to say the least, at 410,000 bu; last week they were 440,000 bu, and 759,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a net decrease of only 7,000 bu.

There was very little feature to the market. Bulges could not be maintained with the light speculative trade, although there was no pressure. Crop reports from the Southwest were of the same tenor as heretofore, and rather pessimistic from the important wheat producing areas of Kansas and Nebraska; but apparently, this has lost its market effect for the time being, although we feel that it will come to the foreground later on. Final quotations were just a shade lower than the previous close.

Corn was inactive, and little influenced by the announcement by the Commodity Credit Corporation that the loan for the coming year would be 57¢ a bu, or the same as heretofore. It is also understood that the mechanics will be similar, and the only difference apparently is that more farmers are eligible than last season. On basis of the present markets, farmers in Illinois and Iowa are doing so much better by borrowing than by selling that we believe all who are able will get the maximum benefits, and this in turn will be at the expense of accumulations at terminal points.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 24, 1939.

Overseas news during our holiday seemed to be confined mainly to the sinking of additional ships, neutral as well as British, and some activity in the air with casualties to the German air force. In seeking reasons for the apparent disinterest on part of the public in both stock and commodity markets, many have expressed the thought that an under-cover feeling of early peace is acting as a deterrent to many traders. Much is going on behind the scenes in diplomatic circles, but in trying to analyze the possibilities of a short war, it is necessary to study fundamental differences between the democracies and the Nazi powers.

The democracies believe in a free, international exchange of goods, the right of the minority for self-determination, a normal commercial intercourse, and a normal credit policy. On the other hand, the policy of the National Socialist Party is full sovereignty for Germany as a world power, which means a Germany controlling a completely self-sufficient territory; and in order to accomplish this purpose, she must have control of all of Europe.

Under existing conditions, there is no middle course for Germany. She must either have total success, or total capitulation. Any retreat in her foreign policy would create tremendous difficulties at home, which might eventually lead to the collapse of the regime. The present policy of the allies to conduct a war of attrition would probably take a considerable time to attain its objective, unless, of course, there were an internal revolt against Hitlerism; but for this to take place in the near future, it would seem that her armies must experience a major defeat, or the German people suffer the horrors of warfare or of extreme privation.

Weather in this country still remains unfavorable for winter wheat, with no moisture reported over the Thanksgiving holiday, nor none indicated for the next 24 hours in our Southwest. Outside of the lack of demand for both domestic and export trade, the tenor of the news all favors the bull side. According to the weekly weather bulletin of the Department of Agriculture, issued November 21st, rains in the Southwest and the extreme northeast portions of Kansas were light and of no material benefit, except along the eastern border, although temperatures remain warm and favorable in the western two-thirds. Winter wheat shows some improvement in the eastern and south central counties, but over the western areas only a small percentage of the wheat has germinated. In Oklahoma, reports are that abundant rains are needed in all areas, especially in the western part, and that winter wheat is generally in a poor or only fair condition. In Texas, the appearance of the wheat was good except in the Panhandle where more moisture is needed. According to one report released today by Cargill, Inc., under present conditions it is almost impossible to estimate what the winter wheat crop may be next year, but it appears as though there will be a reduction of 15 per cent in the acreage, or a total seeded of around 40 million acres, and that we may have the smallest winter wheat crop since the turn of the century; possibly about 350 million bu. We feel that it is a little too early to assume this extremely pessimistic view, because from now on much will depend upon the amount of snows this winter and the precipitation during the growing season next spring.

As an offset to the domestic picture, is the extremely heavy stock in Canada. As of November 17th, after 16 weeks of the crop year, they have a balance left for export and carryover of approximately 408 million bu. Argentina also is staggering under a large carryover, estimated to be in the neighborhood of 75 million bu; so even if their wheat crop should only be around 200 million bu, as Broomhall estimates, allowing 95 million bu for home consumption, the surplus after the 1940 harvest would still be over normal.

(OVER)

Primary receipts today for two days were 774,000 bu versus 481,000 last week for one day, and 905,000 bu for two days a year ago. So far this week stocks at Kansas City, Duluth and Minneapolis show a net decrease of 630,000 bu, which suggests a decrease in the visible supply on Monday of slightly more than in 1938.

Interest in the grain market seemed to be at rather low ebb for a good part of the session, but around mid-day many locals who watch the stock market sold wheat on the decline in the price of steel. At the close May wheat was 1/4¢ per bu lower.

Corn, while affected somewhat by the weakness in wheat, showed independent strength. Primary receipts were somewhat larger than last week, 1,651,000 bu against 1,141,000 bu respectively; but this covers two days' shipments. There has been a gradual decline in the ~~immediate~~ hog corn ratio~~ning,~~ and feeding is less profitable than it has been. Under the circumstances, additional corn producers may be tempted to apply for the loan rather than feed; therefore, stocks should not become cumbersome. This cereal we believe has merit.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 27, 1939.

During the past number of years, almost every wheat producing country has used Herculean efforts to attempt to better the condition of the farmer. Importing countries have set an artificially high price on homegrown wheat in order to encourage production; the larger exporting countries have employed many different plans in an effort to better the price received by the farmer; and in this country great sums have been expended and tremendous energy and planning used by the Agricultural Department in its desire to accomplish this purpose. But how long these expenditures can be kept up, remains to be seen, as the debt of this country is rapidly approaching its statutory limit. As the spending power of our rural districts is the back-bone of any permanent business improvement, every citizen of this country is interested in the welfare of the farmer. This is particularly true of those in private industry, who have spent a life-time building up a system of marketing farm products at a minimum cost to the farmer.

In trying to meet emergencies, due consideration is not always given to the secondary consequences. At the present time, the entire grain trade in all its ramifications is suffering severely from the failure of supplies to move through normal channels; and unless the situation is relieved, great changes may have to take place in the industry, which many feel will finally work a great hardship on the farmer. However, despite efforts on part of the different governments, Nature is often very provident, and while it is too early to make forecasts for the 1940 wheat crop, various forces are at work which might indicate that the world has passed its peak of large supplies for the present.

In the United States a smaller winter wheat acreage and the lack of fall moisture may show the lowest December 1st condition on record. Furthermore, the moisture reserve in our Northwestern States is none too good, and although much may happen between now and harvest, present indications point to the possibility of our next year's crop being under our domestic requirements.

From Canada, the Searle Grain Company has recently issued a moisture report on Western Canada, reviewing the rainfall for August, September and October. This report shows Alberta 78 per cent of normal, Saskatchewan 48 per cent, and Manitoba 80 per cent; and they conclude with the statement, "Whenever less than normal precipitation occurs in the fall, the odds are definitely against an average crop being produced the following year."

Argentina is commencing to harvest a crop considerably less than last year. A message received this morning from there claims damaging frosts in the southern part of Buenos Aires, and estimates of yields run from 160 to 200 million bu, so that even with their very large carryover, their surplus may be of approximately normal proportions and certainly a better looking situation than a year ago. The Australian crop this year seems to be the one exception, and is estimated larger than a year ago. Europe, while still very well supplie with wheat from last year's crop, and reserve stocks built up, may later on find themselves with a decreased production, due to the diverting of manpower for war purposes, and the possible destruction of producing fields.

World shipments, excluding Australia, amounted to 10,448,000 bu versus 8,721,000 bu last week, and 12,335,000 bu similar period a year ago at thistime, when Australia was included. Of this quantity, Argentina furnished 4,346,000 bu; shipments have been running rather heavy, and this, coupled with some adverse weather reports, has led to a price advance in that market. North America cleared 4,406,000 bu. Canadian country marketings still continue quite heavy, and for the week ended November 25th, they were 8,762,000 bu, and they now total 341,331,000 bu since August 1st versus 239,931,000 bu during this perio of 1938.

(OVER)

Recent export sales from the United States have beenalmost negligible, and milling demand remains extremely quiet.

The visible supply in wheat decreased 1,502,000 bu, and now stands at 128,479,000 bu, which is 3,919,000 bu larger than last year. The corn visible increased 2,526,000 bu, and now totals 36,139,000 bu, or 7,835,000 bu less than a year ago. Chicago wheat stocks decreased 85,000 bu for the week, and corn 751,000 bu. Primary receipts of wheat were 487,000 bu versus 497,000 bu last week, and 670,000 bu last year.

There was no moisture reported in the Southwest over the weekend, but our weather man thinks there is a possibility of some light rains in about 48 hours over the western section; however, they may be too light to be much of a market factor. Otherwise, there has been no change in the character of the news, and interest in the wheat market is lagging considerably. On Saturday the total trade in wheat was the extremely low figure of 5,279,000 bu, and in all cereals, exclusive of soybeans, the volume was only 9,474,000 bu. Price changes today were within a narrow range, and at the close May wheat showed an advance of 1/4¢ per bu.

The corn acreage for 1940 was announced over the weekend by the Department of Agriculture, and shows a 12 per cent cut in the acreage allotted to that cereal. It gives 36,630,000acres to the commercial corn belt, which comprises the major producing counties in eleven of the mid-western states, and would indicate an entire acreage for the country of between 88 to 90 million acres compared with 94 to 97 million acres the previous year. Furthermore, the soil conservation payments were set at 10¢ a bu, which is 1¢ higher than last year. According to figures released from Washington on November 25th, shipments of corn this season to terminal markets have only amounted to 40 million bu versus 70 million bu last year. With the loan price set at 57¢ a bu, the decrease in acreage, and the decline in the hog-corn ratio, we feel that corn has good possibilities.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 28, 1939.

Large export sales were reported on overnight business in both wheat and corn. The British government was a very large buyer of Manitoba wheat and some figures ran as high as eight million bu. In addition to this, there was very likely some business from the U. S. under the government subsidy, but even approximate figures on the latter are not available. There is no way of determining in advance what will be the British policy in purchasing their various supplies, but apparently, large quantities are taken with intermittent regularity, and following today's business, we would not be surprised to see extreme dullness for possibly a week, although with one man at the head of British wheat purchases, this would simply be a wild guess on our part.

Recent reports from the Argentine were rather pessimistic as to the crop outlook and somewhat higher prices were registered lately as a reflection of this condition, but this morning Broomhall cabled that warmer weather had set in, the market was narrow, and with profit taking, today's declines were about as sharp as yesterday's advance. There seems to be very little news in this country, except a repetition of what has taken place for several weeks. Weather in the Southwest continues mostly dry and while a few light showers are possible around Amarillo, it is not expected that a general break-up is in sight. One of the crop experts for a private house spoke of the unprecedented drought for the State of Kansas, which is the largest, single wheat-producing state in the Union, and claimed that the prospect for next year's production is the poorest in history. He used the same expression as we have referred to from time to time, namely, that a miracle might prevent alarming/poor results. It seems that a bullish report of this kind, coupled with much better export business, fostered more enthusiasm here, but while our market was higher, there were still only moderate buying orders from outside investors.

It is probably a fact that with large quantities of wheat impounded under the loan, domestic consumption will suffer to some extent. This has been true with other cereals also, because when the farmer stores his grain under lock and key, it probably leaves a smaller amount for feeding purposes, and we now find that the stocks of wheat in the U. S. on October 1st, as officially estimated, were about 794 million bu, indicating a domestic disappearance of 219 million bu for the period between July 1st and September 30th, or in other words, three months. This is materially smaller than the disappearance for the corresponding period in 1938, and is accounted for by the smaller quantities used for feed.

Primary receipts today were extremely light --364,000 bu. It seems the farmer is also cognizant of the dry conditions and is selling only sparingly. However, we find that the primaries a year ago were even smaller --331,000 bu --but shipments today were quite heavy at 1,806,000 bu, and possibly there is shifting of stocks prior to the close of navigation. So far this week Kansas City and Minneapolis stocks show a net increase of 60,000 bu.

Toward the end of the session Winnipeg became very strong; apparently some of the exporters were attempting to buy in hedges against foreign sales, with the result that Winnipeg futures staged about the best advance in many weeks. This in turn influenced us, with Chicago May wheat advancing 1 1/8¢ per bu. Our nearby delivery lagged slightly owing to liquidation, and possibly longs who feared the possibility of deliveries were going into later trading months, as even July wheat was comparatively stronger.

Corn was benefited by export business, and also higher wheat prices, and advances were moderate. Many people still claim that even with large quantities impounded under the loan that supplies in the country overhang the market and may some day be liquidated. Therefore, there is some hesitancy on part of investors, but on the other hand pressure is also extremely light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 29, 1939.

There were some small scattered sales of Manitoba wheat overnight, but very likely they all came from the Continent, as Britain seems to have pursued a system whereby she waits for an opportune period and then takes on rather large quantities. It was almost a foregone conclusion yesterday that purchases of 8 to 10 million bu would not be a daily or routine affair. In any case, Canadian futures this morning were quite strong, and possibly all of the hedges had not been covered against yesterday's business, although it may also have been that outsiders were influenced to make investment purchases there, believing that, in spite of the tremendous supplies in Canada, England might favor her colony and continue to take large quantities of wheat at regular intervals.

A good many people in this country have been hesitant because, even while cognizant of the drought in our Southwest, they had figured that we were anywhere from 6 to 8¢ from an import basis. During the last two seasons, this has been changed somewhat, as Winnipeg futures advanced more rapidly than we did, and, therefore, the chances for shipping Canadian grain into this country are more remote.

There was little news from the Argentine today. Recent unfavorable weather has undoubtedly reduced crop prospects even from the average condition which existed a few weeks ago; but with Buenos Aires market somewhat lower this morning, it is probably figured that, taking the carryover into consideration, there will be sufficient supplies for all needs.

There have been a few very light rains in parts of our Southwest, but it is questionable whether coming this late in the season they have been of much benefit. Unsettled conditions, with possibly moisture in eastern Kansas and eastern Oklahoma, are also looked for tonight, but still no general breakup is in sight.

The AAA has been somewhat more generous in acreage allotments for the 1940 season, but it still appears as though less had been sown to winter wheat than farmers had actually intended, because of dry soil conditions, and this being the case there does not seem to be any likelihood of the government granting an increase to the spring wheat areas unless, of course, the outlook next March would be so poor that it would be deemed expedient and necessary to have large supplies of spring wheat, in the event of a crop failure Southwest. The soil conservation payments have been reduced from 17¢ a bu to 9¢, so the farmer will not receive quite as much in bounties, but with prices higher now than they have been in sometime, and in fact, with December wheat selling at a seasonal high this morning, the wheat producer should feel fairly well satisfied with his status.

Primary receipts were extremely light, at 288,000 bu. This compares with 410,000 bu last week, and 667,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 106,000 bu.

It seems that all markets are having some difficulty in going forward at this time. Events in Europe may account for some of the indecision in the minds of traders. Today for instance, several border incidents between Russian and Finnish troops caused hesitancy in the stock market, despite a settlement of the Chrysler strike, and without some encouragement from Wall Street, it appears that local speculators find it difficult to carry the load by themselves. At the last fractional advances took place, December wheat leading, which closed 7/8¢ per bu higher, while May wheat advanced 3/8¢ per bu.

Corn was in slightly better demand. The primary movement has dropped off to less than seasonal proportions, and there was no great building up of stocks at any time. With so many farmers eligible for the loan, we rather look for large quantities to be held back. Whether we can finally have a bull market which such a situation remains to be seen, but for the moment at least there is no pressure upon the futures markets, while the actual demand for corn is very good.

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DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Nov. 30, 1939.

For many weeks past, great stress has been laid upon the tremendous surplus in Canada, and total supplies on August 1st were about 581 million bu, which was almost a record. It had also been feared that the Wheat Board would probably sell futures continually at around the 70¢ level for December, with the result that even if export business were transacted traders would be able to cover their futures at more or less fixed prices. As it developed, this was not the case at all, and for three or four sessions now Winnipeg has really been stronger than Chicago, and with the Board's offerings somewhat lighter, a more friendly sentiment was in evidence up there locally. Also, there was a continuation of commission house buying; mills reported some improvement in the demand. However, export sales have not been large since Tuesday, when 8 to 10 million bu were sold. There are more people now willing to believe that intermittent European demand may be expected and that this will be more or less of a sustaining factor.

According to advices we receive, Canada is anticipating selling more wheat and flour to the United Kingdom than in peace time, and if her prices remain competitive, she also looks forward to having a fair share of business from the neutral countries. This would gradually lessen the burden but, in spite of it all, one must look a little further ahead, and the chances are that on August 1st, 1940, the carryover of Canadian wheat will be one of the largest on record and may be approximately 200 million bu. If war continues, this reserve might not prove to be particularly harmful, and in fact, might even turn out to be a blessing, if from one cause or another, the next crop would prove to be smaller than its predecessor.

There are some already emphasizing weather conditions, which have started out drier in the fall than usual, and that as a consequence more than the customary quantity of moisture will be required next spring in order to give the best results. In any event, sharper advances at Winnipeg than occurred in Chicago made it quite evident that we may not be troubled with importations of Canadian wheat.

This, in conjunction with the poor crop outlook for our winter wheat, brought in a better class of investment buying, and, as is so often the case when prices advance, it stimulates consumptive demand because bakers also are encouraged if they think there is a chance for price improvement.

The Northwest claimed that flour sales were somewhat better, and while not particularly active as yet, everybody knows that our home consumption is pretty constant and that after a long period of quiet, there is a good chance that improvement might take place.

Overnight moisture in a few southwestern localities was hardly a factor. The rains were particularly good around Fort Worth but no general breakup has yet occurred. Therefore, prospects may still be classed as poor in many of the far Southwestern districts.

There were shipments of more than a million bu from the Black sea this week, but nothing cleared from South Russia. This was only about one-quarter as much as was placed afloat last year. No figures are available during wartime about Australian shipments, but it will be several weeks yet before the volume increases perceptibly. In Argentina, there is reckoned to be about 83 million bu of wheat still remaining for export; recent clearances have been heavy, but new business is apparently on a much smaller scale. There has been a slight improvement in weather, but the crop at best will not be a large one. According to Broomhall, the consensus of the grain merchants in the Argentine, places the wheat crop this coming season at a maximum of 184 million bu.

(OVER)

Primary receipts today were very small, amounting to only 268,000 bu; a week ago there was a holiday, and a year ago they were 601,000 bu. Shipments are big, and this often is the case just prior to close of navigation.

A much better sentiment was expressed in all pits. Fewer bearish factors were referred to, and greater emphasis placed upon war conditions. A number of ships had been sunk, which means replacements; others figured that because of the hazards of transporting long hauls, North America might benefit most during the coming months. The main stimulant, of course, was Winnipeg. At the last our December wheat, which was the strongest locally, closed 2¢ per bu higher, while May wheat advanced 1 3/8¢ per bu.

Corn enjoyed a much better trade; receipts are anything but burdensome, and the farmer will undoubtedly sell very little while he is in the present frame of mind; also the loan works in his favor. We would look for still higher prices.

Oats and rye shared in the upturn. The latter was particularly strong, and contrary to most other cereals where no tenders had been reported on December contracts, there had been some delivery notices circulated, but apparently the grain was well taken.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 1, 1939.

Another month has just past and possibly it is a good time to take inventory, in trying to account for the wheat in important locations. First of all, our eye falls upon Canada where the visible supply has reached a new high of 360 million bu. Since their season started, or in other words August 1st, total exports of wheat and flour have been slightly less than 50 million bu, a decrease of about 20 million bu from the previous season. There still remains a balance for export and carryover of 403 million bu, which is extremely large and compares with 181 million bu in 1938, indicating that Canada could ship 222 million bu more than she did the previous year and still have the same carryover. This, of course, would present a real problem in peacetime, although with continuation of war, extra reserves might come in handy if the 1940 crop should be in any way disappointing.

In the United States, we have shipped slightly in excess of 25 million bu and after making allowance for exports and a reasonable carryover at the end of the season, it would be possible to still ship 143 million bu of wheat. However, even with subsidies, we see no chance of anything like that taking place, and for all practical purposes it would not even be wise to count on anything of that kind, because with the poor outlook for next year's winter wheat crop, we may have to fall back on carryover stocks to make up deficiencies.

Australia, for many reasons, will be a rather unknown entity this coming year. Hostilities make necessary a policy of not publishing many figures, but we do know that prospects continue generally favorable and harvesting operations are making satisfactory progress. The crop was estimated recently at 180 million bu, which compares with 154 millionbu last year, and the 5-year average of 158 million bu. The haul is so great to European markets that it remains a question whether Britain will risk transportation hazards; therefore, Australia may have trouble in selling all that she would like.

Since August 1st, world shipments to all countries are about 49 million bu smaller than the previous season, and in seventeen weeks have only averaged about 8 1/2 million bu weekly. If Broomhall's forecast is correct, it would mean that in the thirty-five remaining weeks, shipments would have to jump considerably and average 12 1/2 million bu weekly, although we are somewhat dubious, even with war, whether this will be the case.

Argentine shipments this past week were quite large at 4 million bu, although we understand that new sales have been somewhat smaller and that, therefore, a dropping off will probably be experienced

Nobody can deny that present supplies seem adequate almost everywhere, and therefore bullish enthusiasm, which has increased, has been based largely on improvement in anticipated statistical news. In these circumstances, it might be wise not to become too enthusiastic on bulges. We appreciate that 161 million bu of wheat are impounded under the government loan, and possibly another 10 million bu are tied up under the insurance plan, but if wheat prices in Chicago would advance materially, there is always the possibility that some of the loan wheat might come back on the market again if the farmer could do better by selling than by continuing with his indebtedness to the government.

Primaries were again extremely small at only 268,000 bu versus 774,000 bu last week, and 674,000 bu last year. So far this week stocks at Kansas City, Minneapolis and Duluth show a net decrease of 4,635,000 bu. The main shrinkage took place at Duluth, but if a good part of this wheat should show up again on the lakes, the visible on Monday may only decrease moderately; a year ago it decreased 1,379,000 b

(O V E R)

There were periods of hesitation, particularly when Winnipeg reacted, but the reverse was also true, and towards the last when the Canadian market became strong we had a closing rally, with December wheat again leading, this future being 1¢ per bu up for the day, while May wheat advanced 1/4¢ per bu; July wheat was a shade lower.

The action of corn and oats was somewhat indifferent. However, December corn was very firm, and up to this time deliveries on contract have been light. The movement from the country is disappointing, and there have been no big reserves set up during the period when ordinarily heavy marketings take place.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO December 4, 1939

In view of the fact that the Liverpool market was closed several months ago, traders in this country have become somewhat nationalistic in their attitude with regard to wheat. We have mentioned several times that while transactions in Liverpool were much smaller in volume, and possibly not more than 6% of the amount handled here in Chicago, nevertheless, it was the pulse of European trade. Very often we had advances here where Liverpool failed to sympathize, but finally, low quotations from Liverpool tempered enthusiasm here. Therefore, it might be well to analyze what might be taking place in Britain, if futures trading had not been interrupted. First of all, in spite of war, the world wheat acreage in 1940 is not likely to be greatly different from the acreage last season; therefore, average yields on such an acreage would again result in a crop in excess of prospective world consumption. This might prevent a reduction in world carryover stocks. Moreover, it is expected that on July 1, 1940, they will amount to about 1 1/2 billion bu, which would be a new record, and approximately 300 million bu above the record high stocks of last July.

According to the official estimate, the acreage seeded to wheat in this country for harvest in 1940 may be about the same as for the previous year. In other words, with slightly less than 65 million bu sown, average yields would give us a crop of about 760 million bu, or actually more than domestic requirements. In our opinion, it would take almost a miracle to bring that about, as growing conditions for winter wheat have been very poor, and this was the driest fall on record, all the way from the Appalachian to the Rocky Mountains. With a background of three dry months, one might have expected some relief in November, as Nature is often provident and seems to average out. But November was also dry everywhere east of the Mississippi River, except locally in the Middle Atlantic area and the extreme South; therefore, one must be prepared for rather low winter wheat yields in the U. S. unless snow during the winter months, or more than ample rains in the spring offset to a large extent damage which was sustained during the period immediately after planting.

Recent firmness at Winnipeg has reduced the possibility of shipments to the U. S., although we may hear more of this later on, unless Canadian exports become considerably larger. To augment Canadian storage facilities, it was decided to utilize the bulk of the lake freighters for winter storage; according to one authority in Canada, it may be possible to store 50 million bu in 160 to 180 vessels at the various Georgian Bay, lower lake, and other ports. The country elevators of Western Canada have handled more wheat in the first 16 weeks of this crop-year than in any previous period. Favorable weather conditions, the use of large combine machines, together with the truck and tractor methods of handling grain, have all been helpful in this rapid marketing. Also, with a carryover of 100 million bu, some of which was at country points, Canadian storage facilities have been taxed to the limit, and there remain something like 418 million bu of wheat, including grain in the U. S. for export shipment or carryover.

With possibly a crop of only 185 million bu in the Argentine this coming season, shipments from that country will fall off, thus giving Canada a better chance to sell her wheat. Argentine shipments during the past six months have been triple those of the previous year, despite the war, but there may come a time when the German commerce raiders make it imperative that all boats from the Argentine be reserved for other essentials, such as beef, etc., while grain would be taken from Canada, or the Canadian grain from American ports by the shorter route.

(OVER)

Complete visible supply figures are lacking as stocks at Buffalo are late in being compiled. Exclusive of Buffalo, and the Lakes, wheat decreased about 6 1/4 million, but it is likely that a good part of the wheat shipped from Duluth will reappear later at one of the two former places. Chicago stocks decreased only 78,000 bu. Today's primary movement was light at 381,000 bu compared with 487,000 bu last week, and 1,018,000 bu last year.

Trade was rather dull; early weakness came in sympathy with a rather sharp break at Winnipeg, but when the Canadian market recovered we also regained early losses, and closed somewhat higher than the previous session.

Corn was weak early in sympathy with wheat, but statistics were bullish-- only 68 cars were reported in Chicago, which is extremely light for a Monday. There seems to be no chance for accumulations while the farmer holds tightly to his supplies, and we feel that the yellow cereal has merit and should be bought on any recession.

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CHICAGO MERCANTILE EX.

December 5, 1939.

After three months of war, it seems pretty definitely established that Great Britain plans her expenditures carefully and will conserve resources to the utmost. This is not due to the fact that either she or France are in poor financial shape, because, quite to the contrary, they have large resources in the way of gold stocks. Also, new production of gold is quite important and, furthermore, holdings of American securities, all of which could be turned into dollars to pay for goods, are natural assets that could be used, and possibly if the war is long and active, this may come at a later period. However, it is apparent that arrangements have already been made to take over the Canadian lead and zinc output, also Western African cocoa, which in itself is evidence of the fact that Great Britain intends to buy everything possible within the Empire, and as cheaply as possible.

Business in this country has been aware of this situation almost from the start of hostilities. There was, to be sure, a sensational rise, but the moment the first stimulus of a psychological nature wore off, fears of advancing prices in this country subsided. There have been no large orders from belligerents, except possibly for airplanes, and in wheat, even with the subsidy, there is no large demand for our grain. It can, therefore, be conservatively stated that while the first important upturn was probably due to the war, the wheat market has been generally sustained by bullish domestic factors, namely, the drought in the Southwest, and also, the hope that statistics, which were of a bearish character, now would improve generally if winter wheat prospects continued poor.

This was further emphasized today when the private experts gave their views as to the winter wheat yields for next summer. The average was for an estimated crop of 389 million bu on an acreage somewhat smaller than 43 million acres. The condition at 59.4% was the lowest December 1st ever officially recorded, and the next lowest occurred in 1932, when condition was down to 68.9%, and as history will show, the final results were extremely bad. While this had all been more or less expected, it came in conjunction with some frost reports from the Argentine that claimed damage to the crop, where in some sections harvesting operations are already in progress, and with the Buenos Aires market sharply higher, sentiment here veered to the bull side of the market, especially when values at Winnipeg rose even more sharply.

We doubt whether there has been much short interest in the market lately because the incentives for taking a short position have been almost entirely lacking. Furthermore, there is not as much wheat hedged as would ordinarily be the case with crops as large as they were last season, because of large quantities impounded under the loan. According to the government's announcement last week, it is expected that producers will be given an opportunity to reseal wheat in those areas in which farm-stored wheat in good condition may be carried through the summer months without risk of loss from insect infestation. But there seems to be the stipulation that where farmers do not repay their indebtedness on wheat stored in warehouses by April 30, 1940, they will lose title to their grain and it will then be turned over to the CCC. It is true, at the present time, that in many locations wheat is selling for more than the loan rate, and even after paying off various charges, the farmers could redeem their grain and sell it on the market to better advantage, but up to the present time, there has not been much anxiety to do this. According to the last available figures, there is still 160 million bu of wheat tied up under the loan, while a year ago the amount was only 50 million bu. At the present time, 30

(OVER)

million bu of the impounded wheat remains on farms, while 130 million bu is in warehouses, and it would be our guess that unless the government should change its mind at some later period, a good part of the wheat would gradually come out upon the free market, particularly so, if we have advancing markets.

Primary receipts today were quite moderate at 488,000 bu versus 364,000 bu last week, and 444,000 bu last year. Kansas City and Minneapolis stocks show a net increase of 50,000 bu so far this week.

There was very little hesitation to the market; in fact, with the December future remaining strong, and encouragement from Winnipeg, where a good export business had been reported, prices at the close were at about the best levels of the day, with new highs on the crop established. Probably some caution is necessary after sharp advances such as these, even admitting that the underlying situation remains bullish.

Corn was higher, but on the advance bookings from the country increased, and were probably the best in several weeks. There seems to be no chance of large accumulations, and we believe that on breaks, purchases are advisable.

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CHICAGO MERCANTILE EX.

CHICAGO December 6, 1939.

For many weeks May wheat had held around the 86¢ level, with speculators apparently disinterested in making new commitments, even though the news had been bullish at that time and it was general knowledge that prospects for the winter wheat crop were probably as poor as at any time since 1933. Many of the experts had frequently claimed that the December condition when given out by the government would probably show the lowest percentage on record, but yet, this failed to stimulate very much buying.

Value is largely a matter of opinion, and sometimes leadership is required before the full emphasis of a situation is appreciated. During the past ten days, there has been some improvement in speculative buying, and as the price level advanced it also had its influence upon the milling trade, because bakers who had been discouraged due to the fact that the market had remained in a rut so long, also took a new lease on life as soon as the picture became brighter.

According to the Northwestern Miller, mills in the spring wheat region booked new flour orders last week equal to 135 per cent of milling capacity, and this was an improvement of about 99 per cent over the previous week, while sales in the Southwest amounted to 65 per cent against 20 per cent a week earlier, and only 32 per cent a year ago.

Of course, there have been other factors, and while many had previously figured that the Argentine crop might run as high as 200 to 225 million bu, the recent frosts have lent reason to believe that only a small crop, at best, may be expected. Broomhall now contends that the yield will probably not exceed 184 million bu, and that, furthermore, the quality of the crop is much poorer than that of last year. They have a rather peculiar situation down there because the government has insisted that local millers must use the old surplus before the new crop is touched, and this is done because the government practically owns the whole carryover and wants to get out of the grain business. Thus, whatever is raised this season will virtually be left for the export market. Canada has been cheered by the Argentine misfortune, and probably figures that a better demand will be created for Manitoba wheat.

The allied powers have felt quite confident right along on account of the fact that they had greater raw material resources at their command than in 1914, and this has been particularly true of nearly all of the colonial possessions. England, of course, is not self-sufficient, even taking into account the reserves from the Dominions and her colonies, and probably for that reason has gone to other sources of supply first, figuring that she can obtain foodstuffs, as well as other commodities, at a later period from her own nationals. It is, of course, encouraging to the allies that they control at the present time approximately two-thirds of the world output of gold, and therefore they have at their disposal a continued means of payment for whatever purchases may become necessary in the future, although even with this knowledge, they are buying rather sparingly and conserving resources to the utmost.

Primaries were very light at 311,000 bu, but were actually less last week at 288,000 bu, while a year ago they amounted to 603,000 bu. So far this week Kansas City and Minneapolis stocks show a net decrease of 33,000 bu.

(O V E R)

There was never very much weakness to the market, although some hesitation early. The new buying seemed to come largely in July, while others who had previously bought May wheat were changing over to the new-crop month on the theory that at this level some of the impounded wheat might come out, and that the real bullishness lay in the fact that next year's crop would be a very small one. This narrowed the difference considerably between May and July wheat. Strength in December carried values higher, and at the last December wheat closed 1 1/2¢ per bu higher, while May wheat advanced 7/8¢ per bu.

Corn was indifferent, and the cash basis was somewhat easier. Even when wheat rallied sharply, corn hardly rose above the previous close; possibly it is a little bit too early to expect much activity on the constructive side, although we believe that purchases on breaks may be made with a fair degree of safety.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 7, 1939.

Events during the last two weeks have been moving rather quickly in the grain trade. Gradual recognition that next year's crop might be anywhere from 50 to 100 million bu under domestic consumption has created a very bullish sentiment. Had we depended upon only the domestic news, possibly the market would not have gained as many friends, because for months it has been appreciated, and in fact stressed, that any sharp advance in Chicago where Winnipeg did not participate fully, would result in a situation where we might finally be compelled to absorb a good deal of the Canadian surplus. At one time we were within 8¢ of a working basis. Some may have claimed greater proximity, but at least for commercial quantities, we think it is safe to state that we were about that far out of line. In the meantime Winnipeg prices have about kept pace with Chicago.

Some had been calling attention to dry weather conditions in Saskatchewan, which might be a factor next summer, but that in itself was insufficient. It finally required frost damage in the Argentine to actually turn the tables. Apparently the large number of ships that have been loaded with Argentine wheat have been arriving in Europe with very small loss through torpedo destruction. The frost, however, has taken a very heavy toll, and according to Broomhall's Buenos Aires correspondent, the new wheat crop is expected to be around 136 million bu. This is certainly a drastic cut from the figure which we had just yesterday by the Broomhall agency, when they thought that a crop of 184 million bu was possible. Should the carryover at the end of the season be in the neighborhood of 75 million bu, then the amount of wheat in all positions would only amount to about 211 million bu, or even less than an average crop in normal times.

Despite upturns during the last 8 or 9 sessions , with very few reactions of importance, there was a healthy resumption of bullish activity this morning, and some are already talking of wheat in terms of $1.50, or even $2.00, such as was witnessed back in 1925. We, ourselves, are more conservative on basis of the news now at hand, because we recognize that even with the Argentine reduction there will undoubtedly be a tremendous world's carryover of wheat on July 1,1940.

We also call attention to the world's acreage this coming season, which may not vary greatly from the previous year. While a short crop in the United States might place emphasis upon the domestic price, it wold be less apt to affect international markets as at the present time we are exporting only when the government grants big subsidies. Of course, a crop failure, should one occur in Canada next year, would require different calculations, but in speaking of the future one can only look for average conditions. This being the case, nobody should anticipate another Canadian yield of 479 million bu; but even a crop of 375 million bu might prove sufficient to prevent run-away markets.

Primary receipts today were a little bit larger at 421,000 bu versus 268,000 bu last week, and 569,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 177,000

In various parts of the country there were reports that farmers were selling a little more wheat that had been impounded under the loan, and this temporarily is having the effect of narrowing the spread between May and July. There was also an interesting announcement from Washington, claiming that wheat and flour exports under the subsidy program had been carried on at a loss to the government of about 32¢ per bu Since July 1st close to 23 million bu have left the country under the three phases of the Department's general plan, including the flour subsidy, but they also mention that in view of the present uncertainty brought about by drought, and the European war, that the Department is progressing very conservatively at this time. When the market closed there were again good gains, although the full advances were not maintained. December wheat was 3/4¢ per bu higher, while May wheat was up 1 1/8¢ per bu.

Corn, which heretofore was somewhat ignored, came in for greater attention. The primary movement was larger, but no big accumulations are taking place, and we would not be surprised to see some of the speculative interest transferred from wheat to corn as time goes on.

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CHICAGO MERCANTILE EX.

December 8, 1939.

All Argentine markets were closed today in observance of religious rites, and consequently, there was not much news forthcoming from that partof the world, although weather was clear and favorable for harvesting yesterday and wheat is already starting to move in the early districts located in the northern part of the country. The only very low estimate of the crop so far is that by Broomhall's agent at Buenos Aires, and, of course, it is anyone's guess this early just to what extent the plant has been harmed. The frosts, however, were quite widespread and were heaviest in the southern sections, and also, in the Pampa, where crops are particularly vulnerable at this season of the year. It is immaterial, however, whether the crop is 136 million bu or 160 million bu for all practical purposes, and we doubt whether hedging pressure will be nearly as heavy as ordinarily.

It was rather fortunate for the government that something of this kind had occurred, as they were quite nervous over the large carryover, and it has hardly ever happened that much grain was left in the Argentine at the end of any season, because with the small population they have felt that it was always wisest to merchandise and thus clear the decks before another crop was available. Some weeks ago, a government edict made it compulsory for domestic millers to use up old supplies first and to buy these out of the government stock on hand before the new crop was touched, indicating that there was some anxiety on account of the fact exports of last year were not larger.

The Argentine frost news has apparently had its effect here and was more or less forgotten this morning when one of the long-range weather forecasters looked for a break-up in the drought situation Southwest by the early part of next week. Neither the official nor the day-to-day weather indications were for relief, but after a prolonged period of dryness, it was felt by some that moisture was overdue, and coming at a time when the ground was not frozen, it might still be of some benefit. This undoubtedly was one of the reasons for weakness, although liquidation was not heavy, and commission-house trade, generally speaking, was lighter than during the past three or four sessions.

There is very little heard of crop progress in Australia, but early threshing shows yields to be of excellent quality, although they also had slight frost and rust damage that may show up in later returns. It is thought in some quarters that the last official estimate of 180 million bu may be reduced, although probably nothing drastic. Recently, there have been discussions as to the possible shipments of Australian wheat by neutral tonnage to the U. S., and from here trans-shipment to the U. K. This, of course, would be terrifically expensive but might remove the hazards if the grain were dispatched on British vessels; moreover, it might release more British-owned boats for short trips in picking up other wartime essentials.

During the recent period of advance here in Chicago, Winnipeg has kept pace with our market almost in its entirety. Broomhall estimates that of the North American shipments about 5 3/4 million bu came from Canada this week, which was the largest single week's clearances since November of 1938. However, it can never be forgotten that Canada raised the second largest crop on record, and after allowing for a minimum carryover next August, she could supply her overseas trade with more than 10 million bu each week; but of course even the greatest optimist is not looking for anything of that kind to occur, even granting a crop failure in the Argentine. However, as we explained previously, Canada seems willing to have a larger carryover than would be considered normal in view of the war, and also, the possibility that next year's crop may prove smaller than the last one.

(O V E R)

Primary receipts today were a little heavier at 532,000 bu versus 268,000 bu last week, and 635,000 bu last year. Kansas City, Duluth and Minneapolis stocks decreased 1,610,000 bu. The largest shrinkage was at Duluth, but some of this wheat may show up again either on the lakes or at Buffalo. Still we expect a fairly good decrease in the visible supply on Monday. It will compare with last year's decrease of nearly 3 million bu.

The trade in wheat was a little more two-sided today, and with the weakness in Winnipeg and traders having in mind the one long-time weather forecast for next week, rallies could not be maintained, and locals who bought on the advance were anxious sellers. At the close December wheat was 1 1/2¢ per bu lower, while the May was 7/8¢ lower.

Fluctuations in corn were within a narrow range, although this cereal was affected by the weakness in wheat. There was some talk of a cargo of corn being sold for export.

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CHICAGO MERCANTILE EX.

CHICAGO December 11, 1939.

World shipments of wheat and flour were slightly less than last week, but yet of fairly good size, being in excess of 11 million bu compared with about 7 1/4 million a year ago. The bulk of the grain is coming from Canada and Argentine, and undoubtedly, recent purchases have been a little more spirited. However, since August 1st, both European and ex-European countries have taken about 50 million bu less than they did the previous season and this may be surprising to some in view of the war. If Broomhall's figure of 584 million bu for import requirements is correct, it will mean that in the next 34 weeks, world shipments must average about 12 1/2 million bu each week, compared with only 8 3/4 million bu during the past 18 weeks. It would appear, therefore, that possibly there will have to be a revision of import requirements as time goes on.

When our market opened this morning it was influenced by a dry weather map over the weekend, and prospects for scarcely no moisture, although some of the map readers thought there would be a few light showers in the eastern sections of Kansas, as well as the eastern portions of Nebraska, but the official did not even anticipate a break-up in those territories. Those who had sold wheat on Friday and Saturday of last week, in anticipation of some relief in the drought situation, reinstated their lines, with the result that the two main deliveries of wheat went into new high ground for the year, although profit taking immediately took the edge off the market and sharp reactions followed. Traders are compelled to take a good deal of the old news and revamp it in their minds, because with Liverpool closed and all British buying handled by the government, there seems to be very little European news available. Many of the English houses, who are unusually well informed about Australian and Argentine conditions, are not even sending out cables or market letters. There was, however, an official crop report from Australia this morning estimating a yield of 182 1/2 million bu, which is slightly higher than the previous figure, but yet, not enough to be of market consequence. Even assuming that the results in the Argentine will be very disappointing because of recent frosts, they still have such large quantities in Canada that every once in a while mention of them is made and seems to have a depressing effect on Winnipeg futures. The present visible supply is 180 million bu larger than that of 1938. Total deliveries have been enormous, with only about 61 million bu still remaining on farms, so there can be little argument about the size of the crop, which was the second largest on record.

Up to the present time, Canada has shipped only 55 million bu wheat and flour compared with 73 million bu last year, and after making allowance for a very large domestic consumption, there would still be practically 400 million bu available for export, although of course, with war on it is only natural to keep fairly good reserves. But yet, with such a large quantity onhand, it furnishes conclusive proof that Europe need not worry much about future supplies. Considering the Canadian situation in this light, the market has kept up reasonably well, although the price itself can only be computed by taking into account the discount of the Canadian dollar, which is about 10%, or in other words, means about 8¢ that must be deducted from their price level. Eve this comparative cheapness does not permit the importation of Canadian grain to the U. S. in commercial volume, and, therefore, the domestic trade feels rather bullish particularly with the very poor outlook for the winter wheat crop in the Southwest. So many bad reports are coming from Texas, Oklahoma, and Kansas that we feel Kansas City futures might gain further upon those in Chicago. There was a start in this direction last week and some are even considering the possibility of the Southwest market finally selling at a premium, as prospects in the Central States are pretty good, and the territory surrounding Chicago was benefited from time to time by moisture, so that we might still have a fairly good crop of red winter wheat.

(O V E R)

The visible supply showed a pretty substantial decrease--3,253,000 bu; total stocks at various points amount to 124,425,000 bu, or about 4 million bu more than was on hand a year ago. At Chicago there was also a fairly large decrease --263,000 bu; there is still 7 3/4 million bu locally held. Primary receipts were small, but had very little market influence.

With reactions at Winnipeg, there was a fair amount of profit-taking here, and new buyers became more scarce after the break in the market was in progress. At the last December wheat, which led the decline, was 7/8¢ per bu lower, while May wheat was off 3/4¢ per bu.

Corn was rather indifferent. The visible supply increased 1,165,000 bu, which is not particularly large for the second week in December when ordinarily accumulations are being made. Final weakness, while not important, was probably in sympathy with wheat prices. We feel that the yellow cereal has merit, although some patience may be required.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 12, 1939.

There is a saying in the grain trade that anyone who is short wheat around Christmas time will not enjoy his holiday. This is not simply an expression, because actually there is a basic reason for believing that prices during that period should be on the up grade. First of all, in most years the visible supply has reached its peak, and as a result, if there is any milling or export business, hedges are withdrawn from the market so that a certain buying power exists. We believe that with the very light receipts everywhere accumulated stocks are being drawn upon, and the fact that the open interest during the past two weeks has declined would probably indicate that this reasoning is correct. On the other hand, there is very little export businessfrom the United States, and we doubt whether the government is anxious to carry on a large trade under subsidy, because they are hesitating somewhat; in view of the poor outlook for next year's winter wheat crop.

Therefore, it is apparent that our market, if it is to go higher, is dependent mostly upon domestic milling demand, as well as some speculative support. The latter is light at the moment, and while the weather remains mostly dry in the Southwestern areas, there is still some hope on part of one of the long-time weather forecasters that a break-up is in sight within the next 48 to 72 hours. However, the map does not indicate much immediate relief and just while writing this letter, high winds and dust storms are reported from Northwestern, as well as Southwestern, sections of the country. During the first part of the session, trade was very largely local, and on a much smaller scale than recently.

Outside of weather, there is not much change in the domestic news, which is more or less routine. The government does not give out figures at regular intervals on the amount of loan wheat, but we assume that with prices of winter wheat possibly 12 to 15¢ per bu above the loan, in the aggregate a fair amount may have been released, because even after accumulated charges of storage and interest had been paid, the farmer was better off by liquidating his indebtedness to the government. In the spring wheat territory the quantities of impounded wheat that were withdrawn may have been smaller because the northwestern farmer has found that market prices are only about 8 to 9¢ above the loan. It will be interesting to watch these developments over a period of time, because undoubtedly our market up to now has been helped by the fact that possibly 160 million bu wheat had not gone through the regular marketing channels, and, therefore, were never hedged, although from our own experience, we find that almost each day some of this grain is being returned to the normal trading routes.

Our early rise was in sympathy with the sharp advance in Buenos Aires, but there was no particular crop news from that country, except that threshing returns are disappointing, and even the best posted people can not estimate the crop accurately, although it will probably range somewhere between 130 and 160 million bu. During the coming weeks the Australian wheat movement will expand, and the crop may roughly be considered 30 million bu greater than in 1938, offsetting to some extent the poorer results in the Argentine. From Europe there is no decisive news about crop prospects. If anything, too much wet weather has occurred, but on the whole, fairly satisfactory progress is reported.

Primary receipts were a little bit larger at 694,000 bu versus 488,000 bu last week, and 466,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 10,000 bu.

Toward the last buying power enlarged, and prices recovered sharply as the market was rather bare of offerings, since liquidation and profit-taking had spent its force earlier in the session. December wheat closed 1 1/4¢ per bu higher, while May wheat was up 7/8¢ per bu.

Corn was rather indifferent, and the trade somewhat disappointed that no further export business had been reported.

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CHICAGO MERCANTILE EX.

CHICAGO December 13, 1939.

The overnight grain news was much the same as heretofore. Dry weather conditions were reported in the Southwest, and the map suggested that this would continue for at least two or three days, thereby stressing the fact that the outlook for winter wheat is very bad. Sentiment after the close yesterday had become quite bullish, and many pointed to the fact that moisture conditions in Canada were also poor, particularly in the province of Saskatchewan, so that odds were against a big crop in that country next summer.

However, there were outside factors as well. World cotton markets rose to new high levels in a broad demand, and war conditions apparently prompted spirited buying by consumers. Other commodities, such as tin, cocoa, hides, and rubber all shared in the upward swing, which in turn gave greater encouragement to grain operators.

There had obviously been an accumulation of buying orders before the opening this morning, and when brokers tried to execute them they found the market rather bare of offerings. This meant an advance of about 1 1/2¢ a bu before orders could be filled. When December wheat reached $1 a bushel for the first time, there was some profit-taking, but outside speculative support was sufficient to prevent much of a setback.

There was very little news from Southern Hemisphere and ordinarily at this season of the year, we are greatly influenced by developments both in the Argentine and in Australia. According to the Northwestern Miller, the Argentine crop may yield about 155 million bu, which is somewhat higher than recent figures, but there will be an official estimate by the government on Friday. Even when that report is released, there will of necessity be some guesswork because it is impossible to know accurately how much damage was sustained by the late frosts. There is a great deal of difficulty in getting Australian wheat into European markets, and according to Broomhall, only about half of the British purchases since hostilities commenced have been shipped. The haul from Australia to Europe is a long and dangerous one, and even with a large crop harvested down there this season, there may be obstacles in making shipments. This apparently is affording some comfort to Canada, where prices have been rising and where the trade is looking forward to larger export orders in the future, because of the fact that their supplies are more accessible to European markets.

Despite the very dry soil conditions in this country, and reports from Washington that drought conditions are gradually becoming worse in the western winter wheat belt, flour trade has been rather unresponsive, and this is surprising in view of advancing markets. Usually when bakers have encouragement that their previous purchases show them a profit, they step into the market on a larger scale, but this past week there was actually a recession in flour demand, with the spring wheat mills selling only about 60% of their capacity, compared with 135% the week previous and 93% a year ago. In the winter wheat areas, however, from the Northwestern Miller we learn that the volume was better and sales amounted to 72% versus 65% a week earlier.

Primary receipts were small at 371,000 bu versus 311,000 bu last week, and 493,000 bu last year. Kansas City and Minneapolis stocks show a total decrease of 173,000 bu so far this week.

Whatever reactions took place during the session were short-lived, and the close was at practically the best figures of the day, with December wheat advancing 4 1/8¢ per bu, while May was up 4 3/4¢.

Corn, oats and rye were all strong and active, influenced by a better speculative tone that was apparent on the entire exchange. Speculation broadened, and there was very little resistance even as the market climbed to about the best figures that have been reached in many months.

Rye made seasonal records.

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CHICAGO MERCANTILE EX.

CHICAGO December 14, 1939.

December wheat this morning sold at $1.04. This is an advance of 42¢ a bu since last summer's low, when the price reached 62¢ a bu. Naturally, the war was responsible for the first impetus, as many had in mind what happened after 1914. However, values have been sustained because of the serious drought in the winter wheat areas, which finally carried prices above the dollar-mark; therefore, it might be well to consider what the facts are at this time.

As we have mentioned previously, world statistics would have to change in order to have a real bull market here, and this, we think , has taken place because of the recent frost in the Argentine, which has given them a crop failure, and, according to Broomhall, the yield will be in the neighborhood of 136 million bu. Assuming that the carryover on the 1st of January will be 70 million bu, total supplies will be only 206 million bu, which is quite different from what had been expected a month or so ago. An official crop estimate is to be issued at Buenos Aires late tomorrow night. Of course, it is true that two years ago, the Argentine crop only amounted to 185 million bu, and at that time they had a smaller carryover than at present, but it is also true that the average weekly shipments that year from January 1st to July 31st were only 1 3/4 million bu weekly, as compared to the five-year average of slightly more than 3 million bu. Therefore, if we deduct from the Argentine crop and carryover 100 million bu for home requirements, and 35 million bu for a minimum carryover, it would leave only an available surplus of 71 million bu.

Our conclusion is that pressure from the Argentine will not be an important factor, and that because of the comparatively small supplies, Canada will benefit. The latter country is in a position to take care of European requirements on a big scale, and since exports have only amounted to about 60 million bu from August 1st, there is still 393 million bu of wheat left, if everything were shipped out of the country. Assuming that they will carry over, say, 40 million bu, they could still export 350 million bu; or in other words, could furnish weekly shipments of 10 3/4 million bu. We doubt if anything of that kind will happen, unless shipping hazards from Australia prevent normal business from taking place, although it is quite likely that because of the long haul to European markets, Australia will be compelled to carry over larger supplies than would be the case in peace time.

There is not much export business from the United States, and without a large subsidy the business from now on will be small. Total clearances since July 1st have amounted to 27 million bu, so that we could ship 141 million bu after allowing for home requirements, and a minimum carryover on July 1st, 1940. However, the officials at Washington believe that it may be well to have extra reserves in the event that crops turn out as badly as is now indicated.

Primaries today were 438,000 bu, or much the same as last week, and this compares with 544,000 bu last year. Kansas City and Minneapolis stocks show a total decrease of 275,000 bu so far this week.

There were many ups and downs during the session, but apparently on the advance there had been fair profit-taking, and we note that the open interest yesterday declined nearly 1 1/2 million bu. This suggests a rather healthy tone, with no big lines being built up, and, therefore, reactions as they have taken place have been very orderly. At the last December wheat was down 1/4¢ per bu, from the previous close, while May wheat declined 3/8¢ per bu; July was practically unchanged.

Corn was rather disappointing. It looked yesterday as though this cereal were getting more under way, but apparently bookings from the country have been heavier. Argentine quotations were lower, and the export demand did not develop as expected, so longs may have to have patience, as it is still very early in the season.

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CHICAGO Dec. 15, 1939.

Despite the fact that a rather bullish Argentine government report is expected tonight, the Buenos Aires market was considerably lower, but, of course, advances in that country have been so rapid that reactions were not surprising. Trade here paid very little attention to news from the Southern Hemisphere, and it was expected that the official figures, which will be known before our market opens tomorrow, will largely confirm private trade reports. There is a much greater exportable surplus from the old crop than ordinarily, due to the fact that shipments early in the season lagged. According to Broomhall's estimate, there still remains about 76 1/2 million bu, while last year reserves had been reduced to 10 million bu. Nevertheless, pressure is not expected to be very heavy at any time, because probably 20 to 25 million bu will be needed for Brazilian consumption, and the balance that will find its way to Europe will be much smaller than normally.

This being the case, our market was never subjected to heavy profit taking, although at times breaks occurred largely in sympathy with weakness at Winnipeg. However, the latter market also recovered ratherquickly from early weakness and the Canadian trade feels rather bullish figuring that they will doconsiderable business because of the poor crop returns in the Argentine. There is at the present time about 43 million bu at eastern seaboard points, while lake ports report 54 million bu of Canadian grain on hand; so we would assume that even with navigation closed, a good business will be accomplished during the winter months when shipments of Canadian wheat are made from the United States.

The main thing, of course, is still the weather, and while the market cannot go up every day on account of the drought, it is, however, extremely important because it will require more than the ordinary snow protection, or better spring moisture than usual, to produce even a fair crop. For this reason a good many people seem anxious to buy wheat on breaks, and so far the reactions have been somewhat disappointing to those who wanted to accumulate long lines. The result has been that the open interest as given out by the government has never shown a high figure at all, and at the present time, there are only 77 1/2 million bu open, with a slight increase being reported yesterday. In the past, the danger point has generally been reached when the open interest rose to tremendous proportions, but nothing of that kind is in sight yet; therefore, it does not look as though any drastic breaks would occur --at least, until there is some change in the weather outlook. Of course, with the price around the dollar-mark, more caution is necessary, as prices are up about 40¢ from the season's low point. But the trade also has in mind that Europe is only buying from hand to mouth and probably one of these days Britain will take a large quantity of Canadian grain again, as was the case about two weeks ago.

The domestic flour business showed some improvement in the Northwest, and this necessitated the covering of a few hedges, which also lent support to the market.

Primary receipts were 421,000 bu versus 532,000 bu last week, and 680,000 bu last year. Kansas City, Duluth and Minneapolis stocks show a total decrease of 655,000 bu so far this week. We are expecting a further decrease in the visible supply on Monday; it will compare with last year's shrinkage of 2 1/2 million bu.

Toward the last advances were pretty rapid, although best prices of the day were not maintained. We are probably closer to an import basis than at any time on the crop, but the tariff commission is starting investigations to determine if a quota should be set on imported products, and it seems that under the Agricultural Adjustment Act, great powers are conferred upon the Secretary if any of the agricultural programs are rendered ineffective through importations. At the last May wheat showed an advance of 2¢ per bu, while July wheat was up the same.

Corn was very strong, with a large export business reported, and May hedges were taken out of the pit against these transactions.

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CHICAGO Dec. 18. 1939.

News over the week-end was about as expected. Nobody had looked for rains in the Southwest because the long-time weather forecast on wheat had been rather discouraging, but, nevertheless, with the drought continuing and with dust storms reported in a good many sections of Kansas, it was feared that even some of the better districts might be deteriorating. This was probably the reason for further bullish impetus when our market opened. There had been some profit taking because of price, but apparently, new speculators were found easily to absorb this class of selling, so that prices hardly ever went below the previous session.

Winter wheat is reported in mostly fair to good condition in the Ohio Valley and Missouri, eastern Kansas and Nebraska, and eastern Oklahoma. However, very little attention is paid to this because those territories that have the largest acreage are still unrelieved and the prospects continue very poor. In fact, considerable drifting of soil is being reported, and many claim that even if the government report shows the lowest December condition on record, this may not tell the full story. The routine news did not count for much, and, in fact, hardly anybody even asked about it.

World shipments without Australia were extremely small this week, amounting to only 6 1/2 million bu. This was considerably less than a week ago when 11 million bu had been placed afloat, and compares with 7,233,000 bu a year ago, when Australia was included. We talked with one well informed party trying to ascertain the number of grain ships that might have been sunk, and he figured that shipments from Canada had in most cases reached their destination through the efficiency of the convoy system, although he thought it quite possible that steamers either fromAustralia or the Argentine had met with a greater loss, although details were not being made public.

Winnipeg prices have not been following our advance fully, but yet, they have found encouragement in the pessimistic reports that are still coming from the Argentine. Some believe that in addition to possibly 40 million bu that will be required this year for Brazil, Peru, and Bolivia, there also may be a quantity of frosted wheat which is not fit for human consumption, and which may be fed between now and the new crop movement because of the fact that old supplies of corn are gradually being exhausted. Since no one expects that Argentine pressure will be heavy at any time, it stands to reason that future business from Canada will be heavier than recently, and we note that this week North American shipments were quite small at only 2,660,000 bu. In addition to this, it must not be forgotten that while the crop in Western Canada is not seeded until next spring, the amount of fall moisture is important, owing to the fact that it provides a base for the spring rains when they come. This moisture, which generally goes into the ground before a freeze-up, is locked in and helps the plant to germinate, and also gives it a certain reserve during the hot months of July and August when rains are scarce. As one Canadian house puts it, heavy rains early next spring will correct some of the deficiency which at the present time exists, although it bears very close watching.

Foreign buyers showed reluctance in following rapid advances in North America, but in spite of this, markets kept strong, with sentiment favoring still higher levels.

(OVER)

Primary receipts were a trifle larger at 530,000 bu versus 385,000 bu last week and 890,000 bu last year. When the visible supply was posted, it showed a decrease of nearly 2 million bu, with total stocks in various positions 122 1/2 million bu. This is approximately 5 million bu more than was on hand last year. There was a fairly good decrease in Chicago stocks, 301,000 bu, and there is still about 7 1/2 million bu locally held.

Only fair amounts of loan wheat were reported sold by farmers today, and it may be that with war, drought, dust storms, etc., they also feel bullish and are awaiting a higher price level. On the whole pressure was quite light and the open interest just increased moderately, still indicating that there are no unwieldy lines being set up.

At the last May wheat showed an advance of 4¢ per bu for the day, while July wheat was up the same.

Corn was also influenced by better sentiment generally and the visible increased 2 1/2 million bu. However, movement from the country is not burdensome, with primaries today slightly less than they were a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO December 19, 1939.

There was no particular news overnight. Many traders have forgotten all about the war, and such happenings as the scuttling of the Graf Spee, as well as yesterday's naval events, were matters merely of passing interest without having much market effect. It seems that weather is still the prime factor, and reports from Washington confirm those from the growing areas, claiming that the drought is the most severe one that has ever occurred in any fall probably since the 1880's. This naturally has had the effect of reducing the 1940 crop prospects by millions of bushels, and as yet, there seems to be no relief in the Southwest sections where freezing temperatures are expected soon and where the wheat is about to hibernate with probably the lowest condition on record. Rainfall is calculated to have been between 15 and 29 per cent of normal since August, and this tells the story rather graphically. As an official statement points out, the section where the drought was most severe normally produced more than 300 million bu of winter wheat, and, therefore, with probably insufficient rain to germinate the seed in so much of the area, conditions are probably considerably worse than either in 1934 or 1936, when previous drought disasters took place.

In spite of all this, there was a very sharp sell-off immediately after the opening, and apparently, stop-loss orders had accumulated after many days of advancing markets. With an air pocket reached, a break of about 4¢ a bu occurred, but peculiarly enough when buying orders came into the pit they were just as hard to fill as those in liquidation, with the result that May wheat rebounded to a new high on the crop at about mid-session.

Improved flour business generally follows market advances, but this time a good many people have been awaiting reactions, and buying interests were a good deal smaller than normally. Of course, our consumption in this country is more or less constant, and regardless of whether prices are high or low, we find that breadeaters continue at about the same pace, so that finally if flour buying has lagged it will probably be made up at some later period.

The trade was also impressed early this morning with comparative strength at Winnipeg, and very likely, government selling, which hadbeen a factor yesterday, was less noticeable because values at one time climbed above Monday's closing level. This was responsible for some reinstating of sold-out lines and the market was extremely nervous, with fluctuations so wide that it was difficult for the quotation recorders to disseminate quotations promptly, and thus keep the trade fully up to the minute on what was actually taking place in the pit.

Toward the last a good many people reasoned that if prices declined further, farmers might sell some of the loan wheat more freely. Their psychology is much like that of a speculator, who did not sell out when the market was at a higher level. Primary receipts today were 490,000 bu versus 694,000 bu last week, and 449,000 bu last year. Kansas City and Minneapolis stocks show a net decrease of 10,000 bu.

After the close tonight the government will give its final estimate on this year's crops, but few changes are expected. They will also revise acreage; but the important thing will not come out until Thursday: namely, the acreage and condition as of December 1st of the fall-sown winter wheat and rye for the 1940 harvest. At the las May wheat showed a decline of 3¢ per bu from the previous session, whil July wheat was down the same amount.

Corn was independently strong at one time, but lost some of its gain when wheat reacted. Primary receipts were of fair proportions but nothing burdensome.

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CHICAGO MERCANTILE EX.

CHICAGO December 20, 1939

After the close of the market last night, sentiment was a little more mixed. The fact that wheat had broken about 4¢ at one time showed that caution at these levels was necessary. Furthermore, there was competition of Pacific Coast flour and elevators in the Middle West had reported the purchase of some Pacific Coast wheat on a competitive basis, which was a new factor that had not been previously considered. Also, the farmers seemed a little more anxious to sell some of their loan wheat, which in turn brought more hedges into the market, and buyers were slightly less confident.

The government report issued late yesterday showed 16 million bu more raised this past season than had been estimated last summer, and apparently, we have now raised a combined crop of spring and winter wheat totaling 755 million bu. Adding to this the carryover of 254 million bu, we started the season last July with more than one billion bu of wheat. In spite of the subsidy, export business has dropped to very small proportions, and it is not likely that we shall ship more than 50 million bu of wheat during the current season, including flour, which leads us to believe that the carryover on July 1, 1940 will be as large as its predecessor, perhaps a little larger.

This in itself would not lend much encouragement to bullish thought, except for the fact that crop prospects remain extremely poor. They have had no moisture in Kansas during the past week, and temperatures were very high. The weather was probably the warmest ever recorded so late in the season, and this was also unfavorable. Surface soil moisture is almost exhausted in many areas and this situation is not confined to Kansas alone, but seems to be rather general in parts of Missouri, Nebraska, Oklahoma and Texas as well. When further recessions took place this morning, there was fair support on the theory that next year's crops would probably be anywhere from 100 to 125 million bu less than domestic consumption; furthermore, the government report on condition to be issued tomorrow will probably place it at the lowest on record.

In today's trade, May wheat at times was relatively weaker than the new-crop month. From practically all markets reports of increased selling of farmer-owned loan wheat are heard. It is even thought that a further break in price might result in increased selling.

Primary receipts are still small at 348,000 bu and the reason they have not increased is because a good part of the wheat which the farmer is selling is already at terminals, having been previously moved from the farm. Last week's primaries were 371,000, while a year ago they amounted to 501,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 97,000 bu.

There is nothing new in the world situation. Favorable harvesting progress is reported in Australia, with the crop considerably better than last year, but Argentine wheat yields are poor and that country will only have small supplies for export markets.

Volume of trade yesterday, as officially given out, was the largest in sometime, with nearly 94 million bu of all grains transacted in the various pits. Today, however, it was more quiet, and prices were somewhat reactionary with profit-taking a factor. It is only natural to expect that after many days of advancing markets, setbacks should take place, particularly with the milling demand rather indifferent and more hedges coming into the market.

At the last May wheat showed a decline of 2 1/8¢ a bu from the previous session, while July wheat was off the same. We still feel that basically the situation is sound, and therefore, recommend purchases on further weakness.

Corn was fairly firm at times, but was finally influenced, as were other cereals, by the break in wheat. Liquidation was also a factor, and we believe places the market in a healthier technical position.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 21, 1939.

With the national debt limit of $45 billion practically reached, some of the agricultural interests are rather anxious to have a new form of processing tax enacted in order that bounties may be paid out to farmers without further unbalancing the budget, but it seems that the Secretary of the Treasury has declared his views in opposition to any increase in consumer taxes, claiming that the present scale was high enough. However, the fiscal and monetary committee will meet again today with Secretary Wallace for further discussions, inan attempt to raise revenues to pay these benefits.

When our market opened this morning, it was somewhat influenced by the decline in wheat premiums lately, and the latter was due to the increased selling of loan wheat, but apparently, after a break of 6 to 7¢ from the high point, new buyers could be found, particularly in anticipation of the government report which will be issued after the close of the market today, probably showing a smaller acreage than had been intended, due to unfavorable weather conditions, and also, the report is expected to show the lowest December condition on record.

Otherwise, there had been very little change in the character of news. Some moisture over Montana and portions of the Canadian provinces was reported, and a few light snow flurries may follow; but the important wheat producing districts of the Southwest are still without relief, and recent reports from Nebraska and Kansas have been quite alarming.

With prices up considerably during the past few weeks, we are continually asked what the international factors are, and there, also, we can see very little change. Canada still holds the largest individual surplus and total stocks in that country, exclusive of what is held in farmers' hands, are 351 million bu, compared with only 170 million bu last year, or an increase of 181 million bu. Since August 1, total world shipments to European and ex-European countries are 45 million bu smaller than in 1938, and this suggests that even with war, consumption abroad will probably be smaller than for the previous year.

In Australia, harvesting of wheat is making favorable progress and it is expected to be completed by the middle of January. Yields recently have been above average, and it is quite likely, therefore, that the official estimate of 182 million bu for their crop is in line, which would be 31 million bu more than last year. Lastly, we shall consider Argentine where threshing returns are pessimistic, but this was mostly anticipated when the government estimated the crop at 147 million bu. Taking into account the carryover of approximately 70 million bu, and allowing for home requirements, including seed, feed, etc., there would be available for export and carryover practically 117 million bu. This, of course, is a very poor showing compared with last year, when they raised their bumper crop, and while the present return is the second smallest since 1916, it cannot be overlooked that the reserve stocks are much larger than normal; so their picture is not quite as bad as one might expect. In fact, Broomhall figures that exports this coming season might be on a larger scale than the average between 1934 and 1938.

There has been another factor which is important: namely, the recent moisture in our Pacific Northwest, which has been bearish on premiums in that part of the country, and with the sensational rise in wheat futures here and in Kansas City, also in other mid-western marke there was a sudden reopening of the demand for wheat and flour from the Pacific coast, and supplies have been working eastward for the firs time in years. One article on the broadtape points out that while Chicago futures have advanced 14 to 15¢ a bu in the past two weeks, coast markets are only up about 6¢, thereby permitting the long haul across country, which only occurs in exceptional cases.

(O V E R)

Primaries were moderate at 432,000 bu versus 438,000 bu last week and 600,000 bu last year.

While the undertone was firm, best prices of the day were not maintained, and we hear from millers in the central states that they are getting more competition from Pacific coast offerings. Believe this factor will have some bearing upon markets. At the last May wheat closed 1 7/8¢ per bu higher, while July wheat, which lagged comparatively was up only 1 3/8¢ per bu. December wheat expired without much excitement.

Corn had some difficulty in maintaining advances, despite a little better export demand. The indications were that a cargo of United States corn had been sold overnight for export; and Holland seems to be inquiring for a little more.

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CHICAGO Dec. 22, 1939.

The government report issued late yesterday was about in line with expectations. It forecast a crop of 399 million bu, which was just slightly higher than the average of the experts. However, there were more important differences in the way conclusions were reached, in that the official condition was only 55% of normal, or the lowest ever recorded, and practically five points less than anticipated. As an offset, however, they showed that 45 million acres had been sown, and this was roughly two million acres more than had been looked for. We ourselves regard it as a little more hopeful that almost the full, intended plantings were accomplished, because we have learned from past experience that when wheat is in the ground it has a chance of coming up, while obviously, it is impossible when it has not been sown. Also, with the condition already so low, moisture, if it occurs, might bring about some improvement, and we would almost hazard a guess that there is more chance for some betterment than for further deterioration. In any case, when the weather map was posted this morning, there were signs of a breakup of the Southwest drought, and the official weather forecast also indicated rains or snows tonight in parts of the Southwest; therefore, we had a lower opening and considerably less activity on the constructive side of the market. The Kansas City papers were also quite encouraging about rains, and even though coming late, they would undoubtedly do a great deal of good.

There is very little change in the domestic news from a statistical point of view. Since July1st, actual overseas exports of wheat and flour are less than 28 million bu. With present subsidies almost ineffective, it is doubtful whether clearances for the season will reach 50 million bu; therefore, our carryover next July will no doubt be larger than the reserve stocks at the beginning of this season. In Canada total shipments since their crop year started have amounted to 62 millioh bu, but there are still approximately 391 million bu for export and carryover, which is a tremendous figure. This past week Argentina shipped 5 3/4 million bu of wheat, but, of course, with a very small crop about to be harvested they will become relatively unimportant as time goes on. This in turn should give Canada a better opportunity, particularly as world shipments during the past 20 weeks have only averaged 8 3/4 million bu, and if Broomhall's estimate of importers' requirements is anywhere near correct, for the remaining32 weeks they would have to average 12 3/4 million bu weekly.

In Washington yesterday Secretary Wallace met with very little success in his proposals for a modified processing tax in order to meet expenses incurred by the bounties paid to farmers, and whether this will finally mean any change in agricultural policies remains to be seen.

Primary receipts were slightly better today at 556,000 bu compared with 421,000 bu last week, and 517,000 bu last year. Kansas City, Duluth, and Minneapolis stocks show a net decrease of only 185,000 bu. Therefore, we are not apt to have a large shrinkage in the visible supply on Tuesday; it will compare with a decrease last year of 1,054,000 bu.

There was a fair amount of liquidation all through the session, and this was apparently on the assumption that moisture, if it occurred would still be beneficial. The volume of trade was considerably less than yesterday, in our judgment, when about 42 million bu of wheat were transacted in the pit. At the last May wheat closed 2 3/4¢ per bu lower, while July wheat declined 2 5/8¢ per bu. For the first time there was active trading in September wheat, which sold at a discount under the July instead of a carrying charge over it, as might be the case if there were better prospects for the winter wheat crop.

Corn was rather neglected, and prices were lower. The one cereal which was in better demand, was rye. It is figured from the government report that a crop of only 27 million bu is probable, which would be one of the poorest crops in recent years. This year's yields amounted to 39 million bu, and two years ago we had a crop of 56 millio bu; so the reduction is very substantial.

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CHICAGO December 26, 1939.

The most important news over the Christmas holiday was the moisture. The territories that probably suffered the most were also benefited, and from Western Kansas we had reports of six to eight inches of snow, which apparently was not drifting; therefore, it will probably soak into the ground and prove beneficial. The snows were quite general, and besides covering the State of Kansas pretty well, they extended into Oklahoma and throughout the Texas Panhandle, where in many sections it has been rather mild up to the present time. However, there will be a good deal of arguing back and forth as to how much good can be done by moisture that comes this late in the season, and we shall probably have to wait until growing weather actually sets in to determine what percentage of the crop had died prior to relief. About all we can say at this time is that wheat has a much better chance of reaching maturity than if it had remained dry. In any event, snows are always welcome at this time, and there is no question that suffering has been relieved and deterioration stopped over widespread areas.

Other news was not much of a factor and it seems that without export business, most traders pay very little attention to world statistics or to the movement of grain into international channels. However, there is a certain amount of importance attached to the fact that Canada is shipping so very little at the present time, and we note that North America furnished only 1,413,000 bu of wheat of the total world shipments this week, indicating that they were not very competitive so long as Argentine prices were so low, and while the amount of grain from the Southern Hemisphere is holding out. Without Australia, total shipments were slightly over 9 million bu, or practically the same as last year, when Australia was still being counted, as there was no war. Clearances were roughly 2 1/2 million bu greater than the previous week, practically all of the increase consisting of larger shipments from Argentina. The latter, of course, will be less of a factor from this time on, as the present crop is a very poor one.

After an early break and a fair amount of liquidation, prices firmed, largely in sympathy with the good rally in rye, and this created better sentiment on the Exchange Floor, particularly after the mid-week weather forecast for the Southwest was released, indicating little precipitation after Wednesday. According to map readers, there is a chance for further snows tonight and tomorrow in the Southwest, and after all, it does not have to develop into a stormy condition to obtain the best results-- the important thing is sufficient moisture to replenish subsoil deficiency coming with intermittent regularity.

Primary receipts were fair at 534,000 bu versus 490,000 bu last week, and 625,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 1,766,000 bu. Total stocks in all positions amount to 124,715,000 bu, or about 4 million bu more than last year. At Chicago there was a decrease of 255,000 bu, with slightly more than 7 million bu remaining in elevators and afloat.

The one thing which is rather encouraging to the trade is the fact that the open interest has not expanded to any great extent, and there are only about 83 1/2 million bu of wheat open; therefore, there are no big lines that are thrown overboard from time to time. Moreover, there is not much new pressure, and the amount of loan wheat which has come out recently has been of rather small proportion, so that when speculative buying increased this morning, orders could only be filled as prices advanced. At the last May wheat was up 1 1/8¢ per bu, while July wheat was 1¢ higher.

As we mentioned earlier, the great strength in rye stimulated the trade, and it was felt that for the time being, at least, the constructive side of the market is the safest.

Corn benefited, as did other cereals, in the general advance, and sentiment was quite friendly, although the volume of trade was just of fair proportion.

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CHICAGO MERCANTILE EX.

CHICAGO December 27, 1939.

There were further fine snows reported over Southwestern sections of the country, and we would say that this is the best general moisture that has been received since last August. While it is usually figured that ten inches of snow is equivalent to about one inch of rain, as far as moisture content is concerned, it is probably a fact that snow is more beneficial because it soaks into the ground slower, particularly at a time when there is not much frost in the ground. Therefore, nobody can tell to what extent improvement has taken place, but at least these snows are not apt to melt off without penetrating the soil, so that where the plant is still alive there should be tremendous benefits, even with the moisture coming as late as it did.

The action of the market yesterday was somewhat surprising, in view of the improved weather conditions, but, of course, some were impressed by the fact that clearing conditions would soon set it, but this is always the case after there has been a rainy or snowy spell. Furthermore, where low temperatures have occurred, the snow is affording protection to the plant! Some liquidation took place today, although volume of trade was extremely small, and it appeared to be mostly a holiday market with the pit quite deserted at various times.

The government weekly report also commented upon the helpful snows, but as we mentioned yesterday, there will be a good deal of talk both "pro" and "con" as to the actual improvement sustained until growing weather sets in. The production prospects, according to the last official estimate, were for a winter wheat crop in the neighborhood of 400 million bu. This, of course, is subject to revision depending upon later developments, but if the spring wheat acreage is increased by about 10 per cent and average yields obtained, we shall have about 200 million bu of spring wheat, or a total crop of 600 million bu, which would be, roughly, 60 to 75 million bu less than our domestic requirements.

Apparently there is not much activity in export circles, and subsidies are hardly operative at this time; therefore, the carryover on July 1st, 1940, will undoubtedly be larger than the supplies which we carried into the present crop; so there is no chance of any real scarcity based on present calculations.

The market also suffered today in that rye was reactionary, and the enthusiasm which had been so prominent yesterday was more or less lacking. There is no doubt that prospects for next year's crop are very poor, but on the other hand, it remains to be seen how keen the export business will be from this country, with prices relatively very cheap in the Argentine. From the last official estimate in that country, it is thought that they will produce more than 14 million bu, or in other words, the largest crop since 1934. It seems that rye was not harmed by recent frosts, and, therefore, the preliminary figures are about 5 million bu greater than the average for the past four or five years.

Primary receipts were somewhat better at 681,000 bu versus 348,000 bu last week, and only 239,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 13,000 bu. Ordinarily between Christmas and New Year very little is moved from farms to terminals.

Some recoveries took place, but, nevertheless, there was a final decline of 1¢ per bu for the May wheat, while the July was 7/8¢ per bu lower.

Corn and oats were barely steady. There was never a great deal of weakness, and in corn the primary movement is just of medium proportion, but on the other hand the demand also is indifferent with nothing reported in export circles.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 28, 1939.

There was very little overnight news. We are suffering at the present time from lack of export business, and very likely, with the government less anxious to grant large subsidies, the business from the United States will be on an extremely small scale for the balance of the season. We believe that the government has in mind conserving supplies with the probability that the next crop will be smaller than domestic consumption. Then, also, the trade finds marketwise that there is no leadership from Europe, the Liverpool market being closed, and very little indication by consumers as to what purchases shall be made, at least so far as England is concerned. This is the country that, roughly, takes about half the European imports; therefore, the lack of information as to their policies is causing some confusion in speculative markets.

Probably the most important development since Christmas has been the improvement in the Southwest weather, and this morning, we have a message from Salina which tells us that moisture conditions are the best in western Kansas with regard to the snow covering since 1912. Apparently, the ground is well covered with anywhere from seven to fifteen inches of snow over northwestern Kansas, and our informant believes that this has changed the situation materially. According to the map, there will probably be further snows tonight or tomorrow in the Texas Panhandle and in the southwestern part of Kansas, so that for the time being, at least, buying incentives are less forceful.

One must think a little ahead, and January 10th is generally the calendar period for selling. This is due to the fact that very often the milling demand drops off, also pressure from Southern Hemisphere increases, and while a short crop in the Argentine may alter this situation in a measure, the large carryover from the previous crop will partly offset it. Estimated shipments from Argentina this week are 4 million bu compared with only a little over one million bu a year ago. Black sea shipments are 1,400,000 bu, but this is only about half as much as was cleared in 1938, similar date. However, nothing is coming now from South Russia and it is not likely that Russia will be a factor of any importance for the balance of the season.

For a few days, there has been encouragement because of a better milling demand, with more hedges taken out of the pit, and we find now that there was some acceleration since Christmas. Sales in the Southwestern milling areas last week equalled only 18 per cent of capacity versus 44 per cent a year ago, while in the Northwest bookings averaged 25 per cent against 30 per cent the year before. However conditions became more promising during the last few days, particularly as an eastern baker bought several round lots, while smaller buyers also re-entered the market.

There is no question but that a fair amount of wheat has been released from government loans, and from the peak of 163 million bu, which had been reported impounded, there is less than 150 million bu now; so there is every reason for believing that between now and April 30th, this liquidation may continue. As we understand the program, the dead line for making loans is on December 31st. While nothing definite has been stated as to whether the government would finally extend the time for repayment beyond the 1st of May, we hardly see any reason why their policy should be continued beyond that date, particularly with wheat selling considerably above the 80¢ loan price at Chicago, and corresponding values elsewhere. This has undoubtedly taken the edge off the market, because in many districts supplies were put back into commercial channels, thus eliminating the necessity of mills in the country coming to terminal markets for their grain.

(OVER)

Primary receipts were light at 395,000 bu versus 432,000 bu last week, and 247,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 90,000 bu.

There was some weakness early, but the character of buying improved, and while volume of trade was small there was an advance of 1/4¢ per bu for the May wheat, while July wheat closed 1/8¢ per bu lower.

Corn was in better demand, and there is the feeling that export business will take place spasmodically until the Argentine harvest brings larger supplies for international use. The primary movement was small, and there was apparently no pressure exerted in the pit from new offerings.

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CHICAGO December 29, 1939

As this is our last market letter of the year, we are taking this occasion to wish you a Very Happy New Year. We also hope that the more optimistic sentiment in the grain trade which prevails at the present time will continue during 1940.

When we consider that on the last day of December a year ago, wheat was selling at 69¢, corn at 53¢, oats at 29¢, rye at 48¢ and soy beans at 82¢, it stands to reason that the better spirit is entirely justified. The income of the American farmers from the marketing of products during the past year has been in excess of $7 1/2 billion. This is a slight shrinkage from the previous year, but is, nevertheless, an increase of 63% over the low of 1932. We presume that one could also be optimistic if consideration were given to government payments to farmers who co-operated with the federal control program, because whatever decline there was from 1938 was more than offset by the additional bounties that were paid and which amounted to $675 million. However, one should be mainly interested in the cash return from the sale of produce, as this represents the basic wealth of the country. On the average, the cash income was about $1,100 per farm, compared with only $717 in 1932. In these figures is not included the farmers' own living expenses, and it is fair to estimate that at least $2 billion worth of products were consumed at home; therefore, the producer was further benefited in that he did not pay income tax on that part of his crop.

In our last letter of 1938, we prophesied a favorable year unless unsettled conditions in Europe would reach the breaking point. Fortunately, however, even the European disaster has not had any extremely adverse effects upon either our economic or agricultural status, and our country now seems better able to remain out of the conflict due to the wise foreign policies which have been adopted by our statesmen.

The only pessimistic note which we deem it necessary to strike at this time is the one pertaining to next year's crops, as the drought has been of long duration, but even this has been tempered by the recent fine snows in the Southwest. Poor returns to the farmer are never a blessing, even though they may bring about a somewhat higher price level. When surpluses exist, there is always business for the railroads, the steamship companies, and various handlers of grain.

The greatest hope for the future, as we see it, depends upon our capacity for undoing those things which have brought about farm depressions in the past, and we believe the operation of free and open markets will help materially to move our grain into commercial channels The comparatively high wheat prices may enable the farmer to repay his indebtedness to the government, which, in turn, would release the impounded wheat, and if this takes place, it will prevent tremendous accumulations such as took place during the Farm Board era. In corn, however, the situation is not quite so hopeful; there is more grain being held on the farms, and the piling up of these stocks may ultimately bring about a very artificial situation.

Today's market was influenced largely by a report from the Argentine Wheat Board that the crop would only yield about 113 million bu. Nobody knew exactly how to construe this. Some thought it might have meant that there was an exportable surplus of that quantity, including reserve stocks; others guessed that possibly the Board was referring to the amount of merchantable wheat raised. In any event, the Buenos Aires market was so indifferent that after a time the trade here forgot all about it.

Just before the close the Department of Agriculture announced that they had suspended the wheat and flour program. This means that no more subsidies will be granted, except, as we understand it, on small quantities of spring wheat flour to the Philippines.

Corn was firm and a little export business was reported; otherwise, there was not much feature.

UHLMANN GRAIN CO.